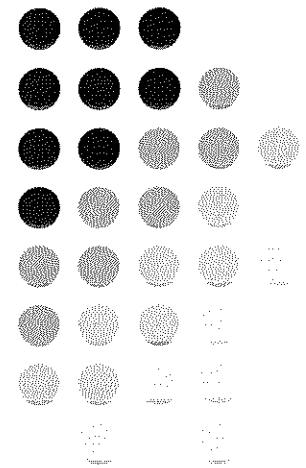
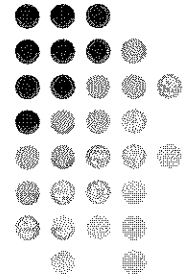


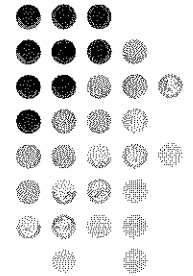
Transparency of Fees and Expenses for Workers in 401(k)-Type Retirement Plans Webcast





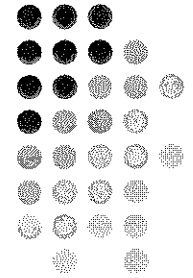
Participant-level Fee Disclosure

- 29 CFR 2550.404a-5
- Fiduciary Requirements for Disclosure in Participant-Directed Individual Account Plans



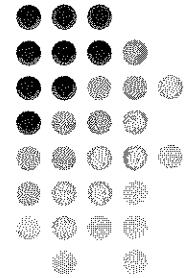
Background

- Request for Information: April 25, 2007
 - 72 FR 20457
- Proposed Rule: July 23, 2008
 - 73 FR 43014
- Final Rule: October 20, 2010
 - 75 FR 64910
- Delayed Rule: July 19, 2011
 - 76 FR 42539



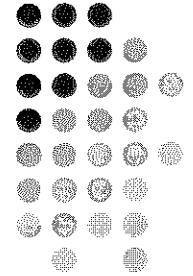
For the First Time, Workers will Receive:

- Core investment information in comparative format to help comparison shop
- Uniform investment information regardless of investment product, allowing for “apples-to-apples” comparisons
- At least quarterly statements showing fees actually deducted from their accounts



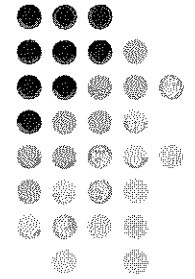
Basic Legal Premise

- ERISA Sec. 404(a)(1)(A) and (B)
- If plan is “participant directed”
 - Plan administrator 3(16)
 - Must take steps
 - Regular & periodic basis
 - Sufficient information
 - Plan
 - Designated investment alternative
 - Informed decisions



Disclosure Framework

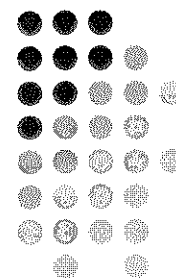
- 2 types of disclosures
 1. Automatic
 2. On-request
- 2 types of automatic disclosures
 1. Annual
 2. Quarterly
- 2 types of annual disclosures
 1. Plan-related information
 2. Investment-related information



Annual Disclosures - Timing

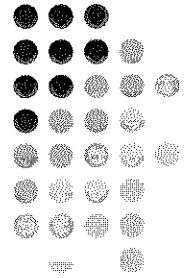
- On or before date of first ability to direct investment
 - and-
- At least annually thereafter

- 2 types
 - Plan-related information
 - Investment-related information



Plan-related Information

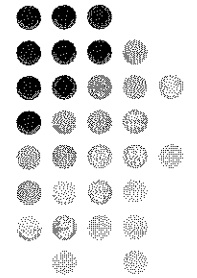
- General plan operational and identification information
- Explanation of administrative expenses (e.g., legal, accounting, recordkeeping)
- Explanation of individual expenses (e.g., fees for processing loans or QDROs)



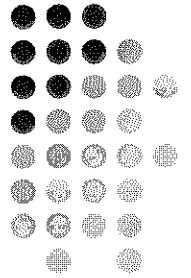
Plan-related Information, General

- Circumstances under which Ps and Bs may give investment instructions
- Limits/restrictions on transfers
- Plan provisions on voting, tender and similar rights
- Identity of designated investment alternatives and managers
- Description of any brokerage window, self-directed brokerage account or similar arrangement

Plan-related Information, Expenses

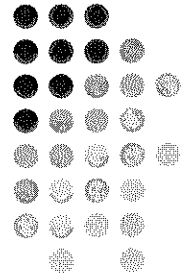


- Explanation of any administrative expenses which **may** be charged on a plan-wide basis against Ps' and Bs' accounts
 - Basis on which such charges will be allocated among accounts (e.g., pro rata, per capita)
- Explanation of any individual expenses which **may** be charged against a P's or B's account



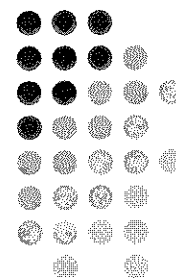
Investment-related Information

- Regarding each designated investment alternative
 - Not investments selected through brokerage window
- Information essential for workers to consider in evaluating their investment choices
 - Not just fee and expense information
- Must be in comparative chart or similar format
 - Model comparative chart in appendix



Investment-related Information

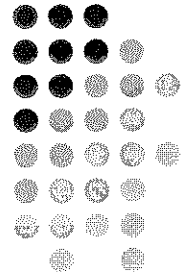
- Performance data (1, 5, 10 years)
- Benchmark returns over comparable periods
- Fee and expense information
 - TAOE
 - Shareholder-type fees
- Glossary
- Website address



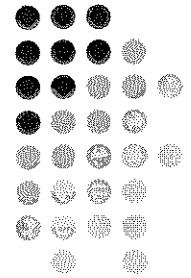
Website Address

- Address that is sufficiently specific to provide access to
 - Objectives and goals
 - Principal strategies and risks
 - Portfolio turnover rate
 - Updated performance data
 - Fee and expense information

Comparative Chart

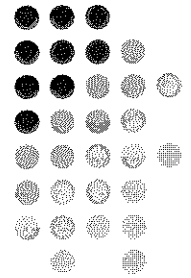


- Additional Details:
 - Date of chart, shown prominently
 - How to obtain free paper copies of information required to be on websites
 - Contact information for plan administrator or designee



Quarterly Disclosures

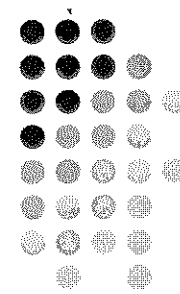
- At least quarterly – statement of fees actually charged against P's or B's account
- If applicable, explanation of payment of plan's administrative expenses from annual operating expenses of designated investment alternatives
- May combine with quarterly pension benefit statement



Disclosures Upon Request

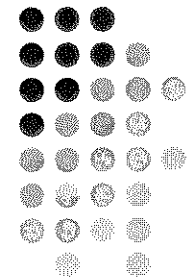
Timing - general ERISA req. w/in 30 days (reasonable standard w/in 30 days)

- Imported from 404(c) regulation
 - Prospectuses or similar documents for investments not registered w/SEC
 - Financial statements or reports, if provided to plan
 - Statement of the value of a share or unit in each DIA and valuation date



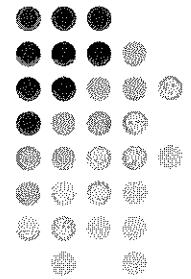
Manner of Furnishing

- Pending further guidance, general disclosure rule at 29 CFR 2520.104b-1 applies, including safe harbor for electronic furnishing in paragraph (c).
- Department published a Federal Register notice seeking public comment regarding possible modification of electronic disclosure standards on April 7.



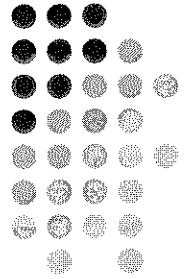
Applicability Date

- Applicability date: First day of plan year that begins on or after Nov. 1, 2011
- Calendar year plans: Applicable on January 1, 2012
- Special Transition Rules: published July 19, 2011



Transition Rules

- Initial disclosures: by the later of 60 days after the plan's applicability date or 60 days after the effective date of 29 CFR 2550.408b-2(c).
- First quarterly disclosures: no later than 45 days after the end of the quarter the initial disclosures are furnished.
- Example (calendar year plans):
 - The first comparative chart must be furnished by May 31, 2012.
 - The first quarterly disclosure must be furnished by August 14, 2012.



Questions?