

Summary of HR 3185, the 401(k) Fair Disclosure for Retirement Security Act of 2007

1. Disclosure to Employers

Employers will receive, 10 days before, contracting for pension plan services a written statement:

- describing the services to be provided
- providing the total expected annual charges for services broken into 4 categories --
 1. Plan administration and recordkeeping
 2. Transactions fees
 3. Investment management
 4. Other (any changes not included above)

Charges may be based on estimates from the previous year's experience.

Changes shall be expressed in dollars, but also can be provided as a percent of total assets. Any material mistake shall be corrected as soon as practicable and updated annually.

Disclosure shall also include a disclosure of any personal and financial relationships of a person providing services to the plan if such relationship results in a material benefit to the provider.

2. Disclosure for Workers

Pre-Investment Disclosure-- At least 10 days prior to a worker's first contribution to an individual account, the worker will receive standardized information on the investment options in the plan. Workers will also receive a fee comparison chart comparing the investment returns and fees associated with the plan's investment options.

Quarterly Benefit Statements-- Workers will receive a quarterly statement detailing contributions, earnings, fees, closing account balance and net return.

3. Improved Access to Lower Cost Index Funds- 401(k) plans that have limited employer liability must offer at least one low cost market based index fund option.

4. DOL Assistance and Enforcement- DOL will provide assistance to employers and workers in finding affordable investment options and understanding associated fees and services.

DOL will:

- annually survey compliance with the Act;
- issue model notices;
- issue penalties against any employers or service providers not providing required notices (the Secretary has discretion to lower or waive any penalties if in the interests of the workers);
- coordinate with the SEC and other agencies;
- report to Congress on retirement fund trends, best practices and needed reforms.