



AMERICAN BENEFITS COUNCIL

March 22, 2013

Submitted via the U.S. Postal Service and electronically via e-mail

G. Christopher Cosby
Department of Labor
Employee Benefits Security Administration
200 Constitution Avenue, NW
N-5718
Washington, DC 20210

Re: Comment on Proposed Information Collection Request (ICR) regarding Pension Benefit Statements Survey

Dear Mr. Cosby,

The American Benefits Council (“Council”) appreciates the opportunity to comment in response to the request for comments on the proposed information collection request (“ICR”) issued by the Department of Labor (the “Department”) regarding a proposed pension benefit statement survey.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council’s members either sponsor directly or provide services to retirement and health plans that cover more than 100 million Americans.

The Council commends the Department for making this effort to determine how plan participants interact with their pension benefit statements and believes a survey could yield very useful information. As you know, it is very important that the survey be conducted in such a way that participants are able to provide well-thought out responses. For example, it will be important that questions, whether in a quantitative survey or qualitative forum such as a focus group, be phrased in a way that results in the fullest discussion of the issues and allows consideration of all possible viewpoints rather than inadvertently narrowing the possible conclusions or inadvertently limiting

the scope of their answers. Also, it is important that the questions and methodology reflect methods of benefit statement disclosure currently used by most plan sponsors.

Many plans currently use the online statement approach set forth in Field Assistance Bulletin 2006-3 which permits the use of a “notice and access” process for the use of online benefit statements. A participant who receives the notice and takes no action would not receive a paper notice. It is important that the survey ask questions in a manner that reflects common methods of disclosure used by plans (e.g., notice and access) as well as the range of methods that may be used. This will lead to better data. For example, the participants could be asked if they are receiving their statements electronically or on paper (or both) and whether they have opted out of one form of delivery. Additional questions could be asked that would reflect the current standard practice of notice and access.

The Council also believes it is important that the survey questions be unbiased between paper and electronic disclosure. Extra time should be spent scrutinizing questions to ensure participants are not led to particular responses by the way a question is structured. If participants are asked to choose between paper and electronic disclosure, it may be helpful to ask if their response would change if they had to pay something for paper disclosure or would receive a discount for electronic disclosure. The Council has heard from some members that such charges, direct or indirect, may be necessary in the future if the volume of required paper disclosures continues to grow or the costs of producing and mailing paper copies continue to increase. Some have also indicated that in many cases, respondents may access benefit plan information in both an electronic and paper form, such that questions that presuppose that a participant only interacts with information in one form or the other will necessarily be incomplete and potentially misleading.

The Council also recommends that any sample statements referencing income illustrations of a participant’s account balance should be clear. For example, the Council is aware that some plans currently use an account drawdown method to illustrate income after retirement. Perhaps projections could be shown in a variety of formats, with explanations, so that survey participants could comment on the various methods. This approach could also avoid confusion between assumptions and guarantees, as applicable.

It is important that any sample benefit statements used for the purposes of this research are carefully reviewed to ensure that they reflect reasonable assumptions, have sufficient information, and the numbers add up. For example, simulations of possible returns should be based on the participant’s underlying investments rather than a uniform rate (the projection of a participant invested in a money market fund would be different than the participant invested in a target date fund), especially if survey participants are asked to speculate on changing investments to get a better return.

Finally, it is important that the sample statements contain the information the participant would need to address the more prominent questions. Additional information on the sample statement of the sort typically included on a retirement plan statement, such as balance by source (e.g., pre-tax, Roth, match) and information regarding other investments available under the plan along with historic rates of returns would allow a more realistic assessment of the lifetime income scenarios being tested. In the event that the questions focus only on particular aspects of information normally contained in a statement, it would also be helpful to indicate this to the participants.

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Again, we very much appreciate the opportunity to provide our views on this important survey and would be happy to discuss this further as questions come up during the process. This dialogue is very important to the Council and we hope these thoughts and comments can be useful to the Department as you refine the survey.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Jacobson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Jan Jacobson
Senior Counsel, Retirement Policy

cc: Joe Piacentini, Department of Labor
Joe Canary, Department of Labor