

## participant fee disclosure regulations

On October 14, 2010, the Department of Labor issued final regulations requiring disclosure of fees, expenses, and other investment-related information to participants in certain retirement plans. Individual account retirement plans that allow participant direction of the investments, such as 401(k) plans, profit sharing plans, and 403(b) plans, are required to follow these new requirements. The disclosures are intended to provide participants with the information they need to make informed investment decisions, by giving them an explanation of the fees and expenses that may be and have been charged to their accounts, as well as a chart that will enable them to compare the plan's investment options.

### overview of final rule

There are two types of information that must be disclosed – plan-related information and investment-related information.

Plan-related information includes:

- General information about investing in the plan, such as how to make investment elections, the investment options under the plan, any restrictions relating to the transfer to or from a specific investment fund, and investment voting rights.
- A description of any fees or expenses for the general administration of the plan that may be charged to a participant's account, such as legal, accounting, and recordkeeping fees.
- An explanation of any fees and expenses that may be charged to or deducted from a participant's individual account as a result of an action taken by that participant. These would include fees for the processing of a plan loan, distribution, or qualified domestic relations order.
- A quarterly statement showing the dollar amount of the plan-related fees and expenses actually charged to the participant's account, including a description of the fees.

Investment-related information must be provided in a comparative format, such as a chart, and includes:

- Performance data including 1-, 5-, and 10-year returns. Investments with a fixed or stated rate of return must disclose the annual rate of return and the term of the investment.
- Benchmark information for each investment option that does not have a fixed rate of return. The broad-based securities market index must provide the same 1-, 5-, and 10-year periods that are provided for the plan's investments.
- Fees and expenses expressed as both a percentage of assets and a dollar amount per \$1,000 invested.

### disclosure timing and format

- The information must be provided to new participants on or before the day he/she can direct his/her investments.
- Information must also be provided annually to all participants, and at least 30 days before a change to the information becomes effective.
- Information regarding the fees actually charged to a participant's account must be provided quarterly.

Disclosures must be distributed to all eligible participants either on paper or electronically, if the electronic disclosure rules are followed.

Alerus Retirement Solutions is in the process of developing the required disclosure notices and will assist you, as Plan Sponsor, in complying with these new requirements. If you have any questions regarding this information or want specific guidance reviewing the details, please contact Alerus Retirement Solutions.