

Final Fee Disclosure Regulations Delay Effective Date of Participant-Level Disclosure

On Friday, February 3, 2012, the U.S. Department of Labor (the “DOL”) published [final service provider fee disclosure regulations](#) in the federal register. This guidance, among other things, delays the effective date of the participant-level fee disclosure requirements.

Background

The final regulations establish specific disclosure obligations for service providers of defined contribution and defined benefit retirement plans. The goal of the regulations is to make sure that plan fiduciaries have enough information to make better decisions in selecting and monitoring plan service providers. The final regulations are generally effective July 1, 2012.

The final regulations require service providers to describe and disclose, in writing, the services provided and all compensation, both direct and indirect, received by the service provider and its affiliates and subcontractors with respect to the plan. The regulations strongly recommend, but do not require, service providers to also distribute a guide to assist fiduciaries in identifying disclosures required under the final regulations. The DOL included a sample guide in the final regulations for use by service providers in preparing a customized guide. Service providers are generally required to disclose any changes in information previously provided to a plan fiduciary within 60 days after the service provider becomes aware of the change.

Changes from Interim Final Regulations

The final regulations made several minor changes from the [interim final regulations](#) that were published on July 16, 2010, including, but not limited to:

- Expands information that must be disclosed regarding indirect compensation;
- Requires disclosure of investment-related information at least annually;
- Disclosure of investment-related information must conform with the DOL’s [final participant-level disclosure regulations](#); and
- The plan sponsor must act relatively quickly, generally within 90 days, after it becomes aware that the service provider has failed to disclose required information.

Effect on Participant-Level Fee Disclosure

The final regulations are effective three months later than the original effective date in the interim final regulations. Because the effective date of the participant-level disclosures are linked to the effective date of the service provider disclosure, this effectively delays the effective date of the participant-level disclosure regulations.

- The initial *annual* disclosure of plan-level and investment-level information for calendar year plans must be furnished no later than **August 30, 2012** (60 days after the July 1 effective date);
- The first *quarterly* statement must be furnished no later than **November 14, 2012** (45 days after the end of the third quarter during which initial disclosures are first required).

For further information, please contact the Stevens & Lee attorney with whom you normally work.

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