



REID AND RIEGE, P.C.

COUNSELLORS AT LAW

EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION ALERT

REMINDER: IMPORTANT FEE DISCLOSURE DEADLINES APPROACHING

May 2012

As previously reported, in an effort to facilitate the ability of plan sponsors and participants to assess the reasonableness of retirement plan fees, the Department of Labor (“DOL”) issued two new regulations effective this year. [See our March 2012 Client Alert entitled *DOL Revises Fee Disclosure Regulations, Extends Compliance Deadlines* (the “March Alert”), [here](#), for more details]. This Client Alert is a reminder to plan sponsors that the deadlines for complying with these regulations are approaching, and that certain actions should be taken now in preparation for their implementation. The deadline for complying with the first regulation, governing fee disclosures from service providers to plan sponsors, is July 1, 2012. The deadline for complying with the second regulation, governing fee disclosures to participants from sponsors of participant-directed individual account plans (“Participant-Directed Plans”), is the later of August 30, 2012, or 60 days after the first day of the first plan year that begins after October 31, 2011.

Service Provider Fee Disclosures

July 1, 2012, is the deadline for each retirement plan service provider that anticipates receiving at least \$1,000 in direct or indirect compensation for providing services to a retirement plan to furnish the plan sponsor with certain required fee information. See the March Alert for further details. Accordingly, each plan sponsor is required to receive the information by July 1, 2012. Plan sponsors should request the information before July 1, 2012, and take appropriate action if the information is not timely provided.

What A Plan Sponsor Should Do Now

Given the approaching July 1, 2012, deadline, a plan sponsor should:

- identify those plan service providers with whom they have not already been in contact regarding the fee disclosures, and contact them to ascertain the status of the fee disclosures;
- ensure that the service providers furnish the fee disclosures by July 1, 2012; and
- review the fee disclosures in order to evaluate the reasonableness of the fees being charged.

Participant Fee Disclosures

By August 30, 2012 (or, if later, 60 days after the first day of the first plan year that begins after October 31, 2011), the sponsor of a Participant-Directed Plan is required to furnish

plan participants with detailed information regarding plan fees and expenses. The attachment to the March Alert contains an explanation of the information that is required to be disclosed.

In addition to the distribution of initial plan-level and investment-level disclosures that are due by August 30, 2012, for a calendar year plan, each sponsor of a Participant-Directed Plan must also furnish participants with a quarterly statement providing information regarding certain expenses incurred over the preceding plan year quarter. The first quarterly statement subject to the new disclosure rules is due 45 days after the end of the quarter that includes the deadline for the initial plan-level and investment-level disclosure. Therefore, the initial quarterly statement for a plan with a calendar year plan year is due no later than November 14, 2012. For details regarding the information that must be included in the quarterly statement, see the attachment to our March Alert.

What A Plan Sponsor Should Do Now

Because of the August 30, 2012, deadline, the sponsor of a Participant-Directed Plan should communicate with plan service providers to determine which parties will be responsible for preparing the required fee disclosures and to establish the methods to be used for distributing such information to plan participants. For details regarding the acceptable methods of distribution, including electronic distribution, please see our Client Alert, *Updated Guidance on Electronic Delivery of Certain Participant Disclosures*, [here](#).

If you have any questions concerning the DOL regulations regarding service provider fee disclosures or Participant-Directed Plan disclosures, please contact us.

Note from the Editor This edition of the Employee Benefits and Executive Compensation Alert highlights DOL guidance on service provider fee disclosures and participant-directed individual account plan disclosures. The Alert was written by Devin M. Karas, a member of the Employee Benefits & Pension Practice Area at Reid and Riege, P.C., One Financial Plaza, Hartford, CT 06103. The Practice Area works closely with clients to design and draft tax-qualified and nonqualified retirement plans, and counsels on compliance with the complex and changing rules governing such plans. For information or additional copies of this Alert, or to be placed on our mailing list, please contact Devin (tel. 860-240-1063)(e-mail dkaras@rrlawpc.com), another member of the Practice Area: John J. Jacobson, Chairman (tel. 860-240-1006) (e-mail jjacobson@rrlawpc.com), John V. Galiette (tel. 860-240-1009) (e-mail jgaliette@rrlawpc.com), Ronald J. Koniuta (tel. 860-240-1034) (e-mail rkoniuta@rrlawpc.com) or Erik M. Sharp (tel. 860-240-1074) (e-mail esharp@rrlawpc.com), or the Reid and Riege attorney with whom you regularly work. For other information regarding Reid and Riege, P.C., please visit our web site at www.rrlawpc.com.

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