

The 401(k) Fair Disclosure for Retirement Security Act of 2007

Ensuring that Americans who are planning for their retirement come first

Increasing numbers of Americans are relying on 401(k)-style plans to finance their retirements. Today, nearly 50 million active American workers have 401(k) plans. It's critical that these workers have clear and complete information about their investment options to help them get the best deal for themselves. And both employers and service providers have an obligation to manage 401(k) plans in the best interests of the plan beneficiaries.

The 401(k) Fair Disclosure for Retirement Security Act of 2007 would address two key areas of concern: hidden fees and conflicts of interest. Specifically, the legislation would:

Clearly Disclose All Fees Paid by a Participant

- ✓ Require plan administrators to individually list every service fee assessed against the participant's account

Help Workers Understand All Investment Options

- ✓ Require plan administrators to clearly identify the name, risk level, and investment objective of each available investment option
- ✓ Require plan administrators to identify historical returns and fees assessed on each investment option
- ✓ Require 401(k)-style plans to include at least one lower-cost, balanced index fund in its investment line-up
- ✓ Require plan administrators to specify where plan participants can obtain additional plan and investment information

Disclose Fees and Conflicts of Interest to Sponsors of 401(k) Plans Annually

- ✓ Requires service providers to disclose to the plan sponsor all fees that workers will pay, including: sales commissions and estimated trading costs; start-up costs; investment advice and management fees; administration, legal compliance, trusteeship and recordkeeping fees; termination or surrender charges; and other costs
- ✓ Requires service providers to outline any financial or other conflicts of interest to plan sponsors that service providers may have

Enhance Department of Labor Oversight and Protection

- ✓ Require the Labor Department to review compliance with these disclosure requirements every year and refer violations of the law to the Securities and Exchange Commission and other enforcement agencies