



REID AND RIEGE, P.C.

COUNSELLORS AT LAW

EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION ALERT

INITIAL QUARTERLY FEE DISCLOSURES FOR PARTICIPANT-DIRECTED INDIVIDUAL ACCOUNT PLANS

October 2012

November 14, 2012, is the deadline for the sponsor of a calendar year participant-directed individual account plan (“Participant-Directed Plan”) to release its initial quarterly fee disclosures to plan participants or beneficiaries. According to the Department of Labor’s new rules governing participant fee disclosures (discussed in our March 2012 Client Alert, [here](#)), a sponsor of a Participant-Directed Plan is, in addition to furnishing annual fee disclosures, required to provide certain quarterly fee disclosures.

Administrative Expenses

Beginning November 14, 2012, for calendar year plans, a sponsor of a Participant-Directed Plan must provide a participant or beneficiary with information regarding the actual dollar amount of any administrative fees or expenses charged against his or her accounts during the preceding plan year quarter. The information must contain a description of the services to which the charges relate, the basis on which such charges will be allocated (*e.g.*, *pro rata* or *per capita*) and, if applicable, an explanation of whether any portion of such charges was paid from the annual operating expenses of one (or more) of the plan’s designated investment alternatives.

Individual Expenses

In addition to furnishing information on the amount of administrative expenses charged against the accounts of a participant or beneficiary, a sponsor of a Participant-Directed Plan must include a statement regarding the dollar amount of any fees or expenses charged against such accounts to the extent they constitute fees for processing a plan loan or qualified domestic relations order, investment advice fees, fees for brokerage windows, commissions, front- or back-end loads or sales charges, redemption fees, transfer fees and similar expenses, or optional rider charges in annuity contracts, if the fees and expenses were incurred during the previous plan year quarter.

What a Plan Sponsor Should Do Now

The sponsor of a Participant-Directed Plan should communicate with its service providers to gather the appropriate fee and expense information. Steps should also be taken to ensure that the information obtained is accurate, complete and timely distributed to participants and beneficiaries. The deadline for calendar year plans is November 14, 2012. For non-calendar year plans, the deadline for the initial quarterly disclosure is 45 days after the end of the plan year quarter that included the plan’s first annual plan-level and investment-level disclosures.

The information contained in a quarterly fee disclosure may be included as part of a quarterly pension benefit statement if the dates and frequency of distribution coincide. For details regarding the acceptable methods of delivery, including electronic delivery, please consult our May 2012 Client Alert, *Updated Guidance on Electronic Delivery of Certain Participant Disclosures*, available [here](#).

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

Note from the Editor This edition of the Employee Benefits and Executive Compensation Alert highlights DOL guidance on 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 Ereik 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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