

Understanding Participant Fee Disclosures – 404(a) regulation

Effective for plan years on or after November 1, 2011

(January 1, 2012 for calendar year plans)

The Department of Labor's (DOL) Employee Benefits Security Administration released Participant Fee Disclosure Regulations (found under section 404(a) of ERISA) on October 14, 2010. The purpose of these new disclosures is to provide participants with sufficient information to make informed decisions regarding their plan accounts, with particular emphasis on investment information.

The enclosed chart was prepared to answer your questions about these new disclosure requirements. Securian Retirement's approach specifically provides Plan Administrators with information and guidance to help you comply with this new fiduciary obligation.

We've also included a preview of a new, optional service to support you in the delivery of participant notices.



A Quick Summary to the

Participant Fee Disclosures 404(a) Regulation

Is the regulation final?	Yes. The regulation is effective for plan years beginning on or after November 1, 2011.
What plan types are impacted?	All 401(a), 401(k) plans and ERISA-covered 403(b) plans that have individually directed accounts. Non-ERISA plans such as IRA, SEPs and SIMPLES are exempt.
Who is required to provide the disclosures?	Plan Administrators are required to provide the disclosures.
Which participants are required to receive some type of disclosure?	All eligible participants (regardless of whether they have an account balance or not), terminated participants with a balance, beneficiaries and alternate payees.
What types of fees need to be disclosed?	Three basic fee categories must be disclosed: <ol style="list-style-type: none">1. Administrative – Fees charged for plan administration (legal, accounting, recordkeeping).2. Individual – Fees charged for specific actions or transactions initiated by a participant.3. Investment – Fees directly impacting investment performance.
What information must be disclosed prior to a participant directing their first investment?	An initial notice must be distributed to all participants who can invest in the plan. This notice must be received prior to them making their first investment direction. It needs to include the following items: <ol style="list-style-type: none">1. A listing of investment options available under your plan with the applicable performance and expense for each.2. Disclosure that administrative fees may be paid by the plan sponsor or deducted from participant accounts.3. A listing of all individual fees that could be paid by the plan sponsor or deducted from participant accounts.4. Information regarding how participants can manage their investments (e.g., transfer restrictions, abusive trading practices, etc).5. DOL standard text regarding investing and instruction for accessing the DOL web site.6. Disclosure of the Plan Administrator's contact information and instructions for accessing additional information.
When do the disclosures need to be provided?	Disclosures need to be provided at initial investment, quarterly, annually, and when changes occur mid-year. What needs to be disclosed varies based on the timing.
What disclosures are required quarterly?	The dollar amount of any administrative or individual fees deducted from the participant's account must be reported to the participant on a quarterly basis.
What disclosures are required annually?	The same information provided on the initial notice needs to be distributed annually.
If information included in the annual or initial notice changes during the year what needs to happen?	A special notice is required to be distributed if the following information changes: <ol style="list-style-type: none">1. Investment options available in the plan (e.g., separate account or underlying investment closures or mappings).2. Default investment changes.3. Fee type or amount changes.
Can the information be distributed electronically?	Yes. Plan Administrators can distribute the notices electronically within the parameters of the DOL electronic disclosure rules. Generally, the detailed notice can be distributed electronically to actively employed participants who meet the DOL exception rule or to participants who affirmatively consent to electronic disclosure. The DOL is reviewing its electronic disclosure rules. Securian will provide more information if changes to these rules are announced.

Securian Retirement's Approach to Participant Fee Disclosure

With the issuance of the new Participant Fee Disclosure Regulation, Plan Administrators have an obligation to provide participants and beneficiaries with detailed information about their plan, applicable fees and investment options. **Securian recognizes your need to understand the impacts of the new fee disclosure requirements and we are committed to helping you comply.**

- ✓ **Securian will prepare the required notices, including a single notice that meets the requirements for the initial and annual notice. There's no need for you to create fee disclosure materials.**
- ✓ **All required notices will be made available at the required time** (refer to Quick Summary on opposite page).
- ✓ **All required notices will be accessible online – to Plan Administrators and participants.**
- ✓ **A new section will be added to the quarterly participant statement which will show any fees deducted from participant accounts.**
- ✓ **Securian will continue to disclose all fees as always. In some cases, current fee descriptions will be modified to align with the categories outlined in the regulation.**



Coming Soon – a new **Required Notices Management Service** to help you manage the distribution of participant notices. It's available at no additional cost.

This service supports Plan Administrators who prefer to handle distributing the notices on their own **and** those who prefer assistance. Some highlights of the service include:

- An option to have Securian provide notices to participants who consent to electronic delivery – an environmentally friendly solution that saves time, money and supports your fiduciary responsibility.
- Notices stored as PDF files on **SecurianRetirementCenter.com** so you have multiple ways of sharing the information (e.g., print, mail, email, post on company intranet, etc.)
- Enhanced online reporting functionality that allows you to create a custom mailing list for each required notice.

Lessen the administrative burden of the new disclosure requirements – use Securian's Required Notices Management Service. More information about this new service will be provided soon.

We're here to help.

Securian Retirement's long-standing practice of full expense disclosure demonstrates our commitment to doing what is right for our retirement plan clients and participants. It positions us to assist plan sponsors in fully complying with the new regulation.

Please contact your advisor or Securian representative if you have additional questions regarding the 404(a) regulation.

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