

EBSA News



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Employee Benefits Security Administration Releases Field Assistance Bulletin on Allocation of Expenses by Defined Contribution Plans

WASHINGTON--The U.S. Department of Labor's Employee Benefits Security Administration today released Field Assistance Bulletin (FAB) 2003-03 providing enforcement guidance to field investigators on allocation of expenses among participants in defined contribution plan governed by the Employee Retirement Income Security Act (ERISA).

The guidance indicates that plan sponsors and fiduciaries have considerable discretion under ERISA to determine as a matter of plan design or administration how expenses will be allocated among participants and beneficiaries. The FAB concludes that a method of allocating expenses set forth in a plan document, in effect, becomes part of the benefit entitlements of the plan and fiduciaries generally will be required to follow that determination.

When plan documents are silent or ambiguous, plan fiduciaries must act prudently and solely in the interests of participants in determining how to allocate expenses. These general principles apply to methods of allocating expenses among participants in the plan as a whole and allocating specific expenses to individual participants, rather than the plan as a whole. The conclusions reached in the FAB supersede views taken in Advisory Opinion No. 94-32A.

The FAB is part of the department's ongoing compliance assistance program to help employers, plan officials and service providers and other comply with ERISA. Field Assistance Bulletins are available on the Internet at www.dol.gov/ebsa.

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