

## **2009 ERISA Advisory Council**

### **Promoting Retirement Literacy and Security by Streamlining Disclosures to Participants and Beneficiaries**

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#### **Description**

ERISA imposes numerous reporting and disclosure requirements, many dictated by statute. Participants may not read or understand the notices they receive, and the notices are often not designed to enhance retirement literacy and security. In addition, compliance with ERISA's notice requirements can be quite costly. New disclosure requirements related to plan fees and other matters may soon be imposed, which may result in even greater challenges, confusion, and costs. The ERISA Advisory Council ("Council") wishes to study the efficacy of ERISA's current and proposed reporting and disclosure schemes as well as problems and costs related to such disclosures.

#### **Objective And Scope**

The objective of the study is to identify what actions the Secretary of Labor can take to make ERISA's retirement plan disclosure requirements more useful in promoting retirement literacy and security for participants and beneficiaries while not imposing a costly burden on employers. The Council intends to study the form, content, timing, and required medium of disclosures. The Council's recommendations will focus on the types of guidance or regulations that the Secretary should consider to improve the utility of ERISA's notice and disclosure requirements.

#### **Questions For Potential Witnesses**

- Do current notice regimes make for better-informed participants?
- Do current notices and disclosures align with how adults learn and process information?
- What specific kinds of information would be most useful for DC participants in planning for their retirement? For example, how should investment performance information be presented? And, should participants receive statements of the estimated monthly annuity payment associated with their account balance? What assumptions should underlie such estimates?
- Should DB participants receive a statement of estimated benefits at various retirement ages like the ones coming from the Social Security Administration?
- Does ERISA's notice regime provide adequate information to participants' spouses, beneficiaries, and prospective alternate payees?

- How can ERISA's notice and disclosure scheme be improved to provide more or better information to participants and beneficiaries and to reduce complexity, costs and potential liabilities?
- Can multiple notices be combined?
- Can electronic or alternative delivery of notices improve security and literacy while reducing administrative costs? Do changes in the way that the public utilizes technology warrant a re-examination of the requirements regarding how all disclosures are delivered (for example, SPDs)?
- Is there a need to consolidate Treasury and DOL requirements?