



# UPPER MIDWEST PENSION RIGHTS PROJECT

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November 21, 2019

Office of Regulations and Interpretations  
Employee Benefits Security Administration, Room N-5655  
U.S. Department of Labor  
200 Constitution Avenue NW  
Washington, DC 20210

**RE: Default Electronic Disclosure by Employee Pension Benefit Plans Under ERISA, RIN 1210-AB90**

To Whom It May Concern:

My name is Scott A. Buchanan and I am the Project Director and attorney with the Upper Midwest Pension Rights Project ("UMPRP"). The UMPRP is one of six regional pension counseling organizations located throughout the United States. The UMPRP serves residents of the states of Minnesota, Wisconsin, Iowa, Nebraska, North Dakota and South Dakota. Our office is located in St. Paul, Minnesota.

The UMPRP assists workers, retirees, and their spouses and families in obtaining the pension and retirement benefits they have earned and are entitled to receive. The UMPRP represents individuals in filing Claims and Appeals concerning pension disputes. We also assist in answering questions about complicated pension laws and how they affect retirement. Pension Plan laws governing them are complex and difficult to navigate without knowledgeable assistance. The pension lawyers at the UMPRP can help retirees make more informed decisions and ensure that they understand and can exercise their legal rights.

The UMPRP also assists retirees by obtaining and explaining hard-to-find retirement plan documents, forms, and other information which is vital to an individual being able to exercise their rights and ensure they are receiving the benefits they are entitled to from the pension plan.

The UMPRP provides FREE assistance to individuals in its service area who have retirement-related questions or problems, regardless of age, income, or value of the claim. Since its founding in 1992, the UMPRP has enabled thousands of people to recover millions of dollars in retirement benefits.

We are writing today because we have deep concerns about the proposed regulation on Default Electronic Disclosure, which would undermine the retirement security of millions of workers and retirees who depend on their paper retirement disclosures to enable them to enforce their rights. While the world is changing, and more and more people use the internet, this is not relevant when it comes to an effective system for consumer disclosures and what should be a default method for making them.

A Joint Project of the Metropolitan Area Agency on Aging (MAAA) and Iowa Legal Aid

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*Providing Pension Counseling and Claims Assistance to Minnesota, Iowa, Wisconsin and North and South Dakota.*

The fact is, access to the internet is not uniform or equitable. In fact, studies show that access to the internet and broadband still varies substantially by education, age, income, and geography. Making a new form of electronic delivery the default means of delivering retirement information would effectively weaken consumer protections for participants and beneficiaries, the very people whom the disclosures are intended to protect.

Currently, the Employee Retirement Income Security Act (ERISA) requires administrators of retirement plans to furnish several understandable, important disclosures to workers, retirees and spouses so that they know their rights, know what benefits they're entitled to, are aware of the fees they're being charged, and can otherwise ensure that the plan is being managed to protect their interests. These disclosures are critical to helping workers plan for and achieve retirement security.

Currently, longstanding regulations require plans to *furnish* disclosures and take steps to ensure *actual receipt* of the disclosure by participants and beneficiaries. Generally, plans must send paper disclosures by mail as the default means of delivery to participants if they do not regularly work with computers, but can offer consumers the choice to *opt in* to electronic delivery. This system of delivery has worked well to ensure that consumers automatically receive paper – the more reliable method of delivery – and those who prefer to receive information electronically may do so.

However, DOL's new proposed regulation would institute a new disclosure delivery system called "notice and access" that reverses the system from one of actual receipt of the default of paper disclosures sent by mail to a default system of electronic hide and seek. Under this new system, plans would not even need to send an electronic version of the disclosure to the consumer. They would only need to electronically notify (by email, text, phone, etc.) the participant that a disclosure document is available on a website, then the burden would entirely fall on the participant or beneficiary to take the many steps involved in finding it. The proposal also fails to provide adequate consumer protections, regardless of which delivery method is used.

The proposed rule contemplates that any deficiencies in its proposal are cured, or at least neutralized, by its provisions enabling participants and beneficiaries to receive a one-time initial paper disclosure informing them of their ability to "globally" opt out of all electronic disclosures by making a telephone call. They can also request a paper version of specific documents. But there are no requirements for how the opt-out process will work, or whether the significance of the failure to opt out must be adequately explained.

The proposed regulation for "Notice and Access" has next to no protections to ensure that individuals actually receive these disclosures:

- **The proposed regulation allows notice by any technology:** There is no requirement to use email. Plans would be allowed to notify consumers of the availability of a disclosure with a text message or email, neither of which are verifiable or easily preserved.
- **Email addresses can be made up:** The proposed rule would allow plan administrators to assign or even make up email addresses for participants and beneficiaries.
- **No actual receipt required:** There is no requirement whatsoever that the administrator confirm that an email notice was actually opened by the recipient. Thus, if the email goes to a spam folder, or gets buried or misfiled, the recipient never *actually receives* the notice or the disclosure. Nor is there any requirement that the recipient actually have accessed the document. This is despite the fact that both actions are easily determined by the plan administrator with this technology.
- **The ability to get information on websites is an Alice in Wonderland scenario:** The proposed rule will send retirees down the rabbit hole in search of information. Consumers should not be

forced to wade through marketing communications or several webpages in order to find the disclosures.

- **Spousal rights not adequately protected** – The proposed rule makes no exception for important action documents that are currently required to be in writing, such as notices to spouses of their right to a survivor annuity and that their consent is required to waive that right.

Finally, this new proposed regulation is a giveaway to the financial services industry and shifts costs on to consumers. According to the regulatory analysis, this new framework will save plans \$2.4 billion over 10 years. As one plan administrator told *Plan Sponsor* magazine "Imagine if the agency had adopted this proposal, say, 10 years ago. We would all be \$2.4 billion richer." Plan sponsors and administrators have a fiduciary duty to make decisions for the benefit of the participants and beneficiaries. Yet, this proposed regulation imposes absolutely no requirement for plans to pass on those savings. It simply shifts costs to current and future retirees by requiring them to have purchased and maintained internet access and the hardware, software, and other supplies needed to access disclosures. That is profoundly unfair.

This proposal is being promulgated in response to a decades-long lobbying effort by the financial services industry, without any serious attempt to grapple with the new framework's admitted adverse impact, and without any evidentiary support or reasonable explanation of how participants and beneficiaries will be at least as well-protected as the current, well-balanced framework. The proposed rule's framework and the specifics of the proposal impose all of the disadvantages of technology, but confer none of its advantages, for the benefit of participants and beneficiaries.

If this rule is approved, we believe it will eliminate the kinds of paper records on which the UMPRP and other pension-counseling projects frequently rely on as evidence to support claims and replace them with ephemeral and changeable information. This proposal should be withdrawn, or at least extensively overhauled to ensure actual receipt of disclosures and adequate consumer protections.

Thank you for your consideration of these comments.

Respectfully Submitted:



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