

Congress of the United States
Washington, DC 20515

August 21, 2018

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Mr. Dodaro:

In October 2010, the Department of Labor (DOL) issued fee disclosure rules pertaining to 401(k) plan sponsors and plan participants. These rules were updated in February 2012. The disclosure rules relating to plan sponsors require service providers to disclose administrative and investment costs (including indirect and direct compensation) associated with their plans to help plan sponsors be in a better position to select and monitor service providers for their plans. The rules relating to participant-level fee disclosures require plan sponsors to disclose information to participants how their plans work and the associated costs by providing plan information, investment information, and comparative data.

The intent of the DOL's rules was to discourage conflicts of interest, help plan sponsors evaluate the reasonableness of fees and contracts and provide participants with general plan information, including administrative fees and expenses that are deducted from their account.

As the DOL's fee disclosure rules have been in place for nearly eight years, we believe it is appropriate to assess whether they are working as intended or whether revisions are warranted to improve the rules' effectiveness.

As such, we are respectfully requesting that the Government Accountability Office (GAO) explore the following questions:

1. What are plan sponsors and service providers' views about the effectiveness of the rules? What aspects of the regulations have worked well/poorly? What challenges, if any, have plan sponsors and their service providers encountered in implementing this regulation, and how did they address them?
2. Are the typical disclosures written in a way that is easily understandable for participants? Are the disclosures written in a way to enable participants to easily compare plan investment options and/or products? Do the disclosures clearly identify all assessed fees, including administrative, advice and investment fees?
3. Have participant-level disclosures been effective in generally reducing participants' costs? Since the regulation's implementation, to what extent have participants made changes to their investment allocations?

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4. Since the regulations' effective implementation, what has been the trend in the level and type of fees charged for different investment options and in the number of options in 401(k) plans?
5. Does the regulation's definition of "Covered Service Provider" cover all necessary service providers?
6. How do other nations with developed account-based pension systems disclose fee information to participants? How does disclosure differ in comparison to the U.S. regulations? Are there any lessons to be learned from these other nations for the U.S. experience?
7. Are there specific agency and/or congressional recommendations to improve the DOL's fee disclosure rules?

If you have any questions, please contact us or Kevin McDermott with the House Committee on Education and Workforce at (202) 225-3725 or Kendra Isaacson with the Senate Committee on Health, Education, Labor, and Pensions at (202) 224-6572.

Thank you for your attention to our request.

Sincerely,

ROBERT C. "BOBBY" SCOTT
Ranking Member
Committee on Education and the Workforce
U.S House of Representatives

PATTY MURRAY
Ranking Member
Committee on Health, Education, Labor,
and Pensions
U.S. Senate