

New Participant Fee Disclosure Requirements Under ERISA Section 404(a)(5) May Affect Your Retirement Plan

The Department of Labor ("DOL") has issued new regulations under ERISA Section 404(a)(5)¹ (the "regulation") to promote the transparency and accessibility of retirement plan fees, expenses and investment-related information to participants. The regulation requires the plan sponsor of a participant-directed ERISA retirement plan to disclose plan-related and investment-related information to eligible participants and beneficiaries ("participants") on an annual and quarterly basis. The regulation does not apply to plan sponsors of 457 plans, or *owner-only* 401(k) plans.

The information below may assist you in complying with your disclosure obligations under the regulation. This document is for informational purposes only and does not contain a complete summary of your disclosure obligations under the regulation. You should contact your third-party administrator (TPA), tax professional or attorney to discuss your disclosure obligations under the regulation.

Quarterly Required Disclosures

Generally, the regulation requires the plan sponsor to provide a quarterly disclosure to participants beginning on **November 14, 2012**,² for a calendar year plan and then quarterly thereafter. The quarterly disclosure statement must include the dollar amounts actually charged to the individual participant's account during the preceding quarter, for both administrative and individual expenses, along with a description of the services for which the fees were charged. Additionally, the regulation requires plan sponsors to disclose quarterly, if applicable, that some plan administrative expenses may be paid from the total annual operating expenses of one or more of the plan's investment options through revenue sharing arrangements, 12b-1 fees, sub-transfer agent fees or similar arrangements.

Upon request, Edward Jones will provide the plan sponsor with information regarding the fees received by Edward Jones on a quarterly basis. Please contact your financial advisor to request this information. The quarterly fee information provided by Edward Jones may also include limited information regarding fees charged by your applicable plan provider. Please contact your plan provider for more complete quarterly fee information. The plan sponsor may also need to provide additional disclosures for any other service providers who may have assessed charges against plan participant accounts, such as trustees, investment managers, payroll providers or third-party administrators. You will need to contact those service providers directly for that information.

Annual Required Disclosures

Generally, the regulation requires the plan sponsor to provide annual disclosures about plan-related information and certain investment-related information for designated investment alternatives ("DIAs"), and provide a glossary of investment terms to participants by **August 30, 2012**, and annually thereafter. If the plan is not a calendar year plan, then the disclosure due date is the later of (i) August 30, 2012, or (ii) 60 days after the first plan anniversary date that occurs on or after November 1, 2011. Going forward this disclosure needs to be provided to new eligible participants. If changes are made to the plan-related information, the plan sponsor should provide each participant with a description of the change at least 30 days, but not more than 90 days, before the effective date of the change.

I. Plan-Related Information

The regulation requires the plan sponsor to provide participants with plan-related information about the structure and mechanics of the plan, administrative expenses which may be charged to plan participant accounts and individual expenses which may be charged to a specific participant account. The chart below is an example of plan-related information which could be provided to participants under the regulation.

Plan-Related Information		
Type of Information	What to Include in Disclosures to Participants	Resources for Obtaining Disclosure Information
General Operational and Identification Information	Describe how the participants may give investment instructions.	Refer to your plan document and other related documents.
	List any plan limitations on the participants' ability to provide investment instructions.	Refer to your plan document and other related documents.
	Describe the participants' voting rights associated with plan assets and any applicable restrictions.	Refer to your plan document and other related documents.
	List any designated investment alternatives ("DIAs"), if applicable. A DIA refers to the investment options selected by your plan into which participants can direct the investment of their plan accounts.	List the DIAs selected by your plan, if applicable.
	List any designated investment managers, if applicable.	List the designated investment managers selected by your plan, if applicable.

¹ 29 CFR 2550.404a-5.

² Note that this date may be different for non-calendar year plans, but it cannot be before the initial annual disclosure date for the plan.

		If there are separate or additional fees associated with this service, those fees may need to be disclosed as either administrative or individual fees, as applicable.
	Provide a description of "brokerage window(s)" ³ (if applicable).	Provide a description of the brokerage window available under your plan, if applicable.
Administrative Expenses Information	Explanation of administrative fees and expenses that <i>may</i> be charged against all participant accounts (i.e., legal, accounting, and recordkeeping fees). If the plan sponsor <u>always</u> pays for the administrative fees and expenses, then there may not be an obligation to provide this information.	Refer to your plan document and other related documents. Also refer to agreements with third parties.
	Explanation of how the above charges are allocated. (i.e. pro rata, per capita, paid by plan sponsor).	Refer to your plan document and other related documents, if applicable.
Individual Expenses Information	Explanation of fees and expenses that <i>may</i> be charged against a specific individual participant's account based on the actions taken by that participant. (i.e. loan processing fee, brokerage commissions, etc.).	Refer to your plan document and other related documents. Also refer to agreements with third parties, commission schedules, schedule of fees, applicable mutual fund prospectus and annuity contracts.

II. Investment-Related Information

The regulation requires the plan sponsor to annually provide participants with investment-related information about the performance of the plan's DIAs and about the fees and expenses the participant will pay when he/she invests in the investment alternatives. The below information is an example of what could be presented in a chart or similar format that facilitates the comparison of the information for each investment alternative. Generally, the information below does not address the disclosure required for annuities available under the plan. **The DOL has provided its own model comparative chart to assist plan sponsors in presenting the information on both annuities and on the information discussed below, which can be accessed at www.dol.gov/ebsa/participantfeerulemodelchart.doc.**

Investment-Related Information		
Type of Information	What to Include in Disclosures to Participants	Resources for Obtaining Disclosure Information
Identifying Information	Name of the investment and the type or category of investment (such as balanced fund, growth fund).	Refer to the applicable prospectus, disclosure document and/or fund performance report.
Performance Data	Not Fixed Return – (i.e., mutual funds, stocks) list the historical investment performance for 1-yr., 5-yr. and 10-yr. returns. Fixed Return (i.e., certificates of deposit) - list the current rate, minimum guaranteed rate, term of investment and, if applicable, state that the issuer may adjust the rate of return prospectively, and how to obtain the most recent return rate (telephone, website).	Refer to the applicable prospectus, disclosure document and/or fund performance report.
Benchmark Information	Not Fixed Return (i.e., mutual funds) – list the name and returns of appropriate broad-based securities market index over the 1-yr., 5-yr. and 10-yr. period. Fixed Return (i.e., certificates of deposit) – not applicable.	Refer to the applicable prospectus, disclosure document and/or fund performance report.

³ "A brokerage window is a plan feature that permits participants to purchase investments that are not included among the plan's general menu of designated investment alternatives." See Investment Company Institute (ICI) Glossary.

Fee and Expense Information	<p>Not Fixed Return (i.e., mutual funds, stocks) – list total annual operating expenses expressed as a percentage of assets and as a dollar amount for each \$1,000 invested, and any shareholder-type fees or restrictions to purchase or withdraw from the investment.</p> <p>Fixed Return (i.e., certificates of deposit) – any shareholder-type fees or restrictions to purchase or withdraw from the investment.</p>	Refer to applicable prospectus, disclosure document and/or fund performance report.
Website Address	Website address that will lead participants to certain supplemental information about the investment option.	Refer to the mutual fund company website, the applicable DIAs prospectus and/or disclosure document.
Statement Explaining Cumulative Effects of Fees	Statement explaining the cumulative effects of fees.	For an example, see page 3 of the DOL's model comparative chart, available here: www.dol.gov/ebsa/participantfeerulemodelchart.doc .

III. Glossary of Terms

Under the regulation, the plan sponsor must provide a general glossary of terms to assist participants in their understanding of the investment alternatives available under the plan. A sample glossary created for this purpose by the Investment Company Institute ("ICI"), and other industry professionals, is available at www.ici.org/401k/11_401k_glos.

Additional Resources

For additional information regarding annual and quarterly disclosure requirements, please see:

- www.dol.gov/ebsa
- www.dol.gov/ebsa/newsroom/fsparticipantfeerule.html