

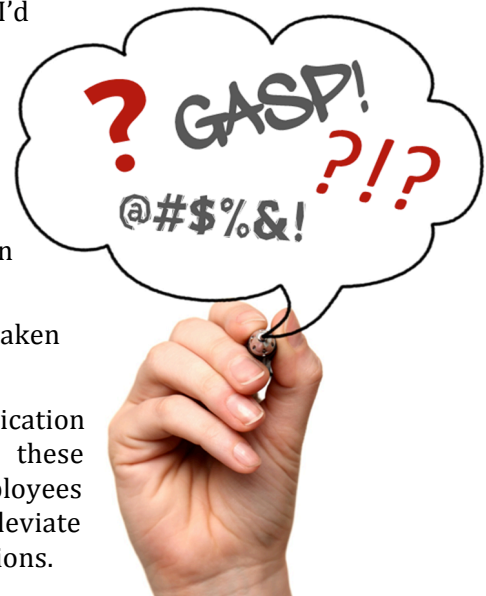


A T É S S A
B E N E F I T S , I N C .

How Prepared Are You to Answer Tough Questions from Plan Participants following ERISA §404(a)(5) Disclosures?

ERISA §404(a)(5) requires you, the Plan Sponsor, to inform your plan participants and beneficiaries something they haven't really been told before... how much they pay for their 401(k) plan each quarter. The statistics are alarming – 74% of employees not only don't know how much in fees and expenses they are paying for their 401(k) plan, 62% think they pay NOTHING.¹ The industry is calling them the “You Never Told Me” employees. If your employees currently think their 401(k) plan is free, when in reality it isn't, you may have some explaining to do. How prepared are you to answer questions like these:²

- ? Until now you haven't told us about the 401(k) fees we've been paying. What else about the 401(k) haven't you told us?
- ? Why do you use “basis points,” “expense ratios” and “load” to hide fees? Why don't you just call them “fees”?
- ? In the highlights brochure it says “you do not pay sales fees.” But it never says we pay any other fees. Why did you mislead us?
- ? My neighbor pays less than \$5 for every \$1,000 invested. Why are we paying nearly twice that? Are our funds twice as good? And if not, can we get the same funds and fees my neighbor has?
- ? If I use a fund that has a higher price, will I get more value? Or should I just choose the fund with the lowest fees?
- ? In the 10 years that my investments went down, did you stop taking out fees?
- ? Why do I pay more just because I have a larger account? I'd get the same services if I had half as much.
- ? Show me where I signed something saying I agreed to pay anything. And tell me who got our money and what they did with it.
- ? You say the fund manager has finally provided a detailed breakout of the fees we pay. Why didn't you demand an accounting long ago?
- ? We were never told in simple terms that fees were being taken out. Can we sue to get our money back?



Atessa can help you develop a well-thought-out communication strategy that anticipates and proactively responds to these questions and other employee concerns. Furnishing employees with FAQs in conjunction with participant disclosures may alleviate employees' need to ask these tough and uncomfortable questions.

¹ AARP Comparison of 401(k) Participants' Understanding of Model Fee Disclosure Forms Developed by the Department of Labor and AARP, http://assets.aarp.org/rgcenter/econ/fee_disclosure.pdf (September 2008)

² Dennis Ackley, *401(k) Fee Disclosure for the 'You Never Told Me' Employees*, <http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/DisclosureViewpoint.aspx> (February 25, 2011)