

# THE MASTERS

## WEALTH MANAGEMENT GROUP

### NEW RULES FOR RETIREMENT PLAN FIDUCIARIES

*Coming your way: some of the most significant changes in 30 years.*

Presented by Gary Mastrodonato, CEA

The Department of Labor has promised to update the retirement plan landscape. Three major rule changes are scheduled for the near future. All retirement plan fiduciaries and administrators should be aware of them.

**#1: “Covered service providers” must fully describe their services & fees.** This rule was supposed to take effect in July, but the date has been pushed back to January 1, 2012. It requires “covered service providers” (financial advisors, financial consultants or third-party administrators who expect to receive \$1,000 or more in direct or indirect compensation for their services) to detail their compensation and/or fee structure to fiduciaries. (CSPs also include financial advisors or TPAs who act as fiduciaries or Registered Investment Advisors for plan sponsors.) If applicable, the CSP must detail any fees that may be charged for recordkeeping along with recordkeeping methods.<sup>1,2</sup>

**#2: Fiduciaries must detail plan & fee information for plan participants.** If such information isn’t provided to plan participants after November 1, 2011, then a plan participant or beneficiary may claim a violation of fiduciary duty on the part of the plan sponsor. The new regulations require fiduciaries to disclose (and update)

- Rules related to the dissemination of investment instructions for the plan
- Plan fees and expenses paid from participant accounts (along with a breakdown of these fees, i.e., investment management fees, administration fees, cost of advice fees)
- Any other specific fees or charges that may be drawn from a plan participant’s account.<sup>3</sup>

**#3: The DOL wants to expand the definition of an ERISA fiduciary.** Under this planned rule change, anyone who advises a retirement plan would be considered one. A group of nearly 30 Congressional Democrats have protested this expanded definition in a letter to Labor Secretary Hilda Solis, contending that it would backfire and eventually reduce access to investment education and information for plan participants. The concern is that the definition of “fiduciary” will become so vague that even the most basic education and advice could fall under ERISA status.<sup>4</sup>

**The goal?** The DOL wants to make these plans more transparent. This is an occasion for plan advisors to reconnect with plan sponsors, fiduciaries and participants.



**Gary C. Mastrodonato, CEA**  
**The Masters, LLC**  
**Wealth Management Group**  
**Keeping Families & Generations Together**

**“Where Everyday, You Get Our Best!”**

Gary C. Mastrodonato is a Representative with Capital Investment Companies and may be reached at:  
**807 Broad Street Suite C PO Box 306, Oriental, North Carolina 28571**  
**Phone: (252)249-0100 Fax: (252)249-0105**

Securities offered through Capital Investment Group, Inc., Member FINRA/SIPC and advisory services offered through Capital Investment Advisory Services, LLC. Gary Mastrodonato, CEA, Investment Advisor Representative. The Masters, LLC WealthManagement Group is not owned by or an affiliate of Capital Investment Group Inc. Capital Investment Group, 17 Glenwood Avenue, Raleigh, NC 27603 (919)831-2370

This material was prepared by MarketingLibrary.Net Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty.

**Citations.**

1 - [cutimes.com/2011/05/04/retirement-plan-providers-prep-for-new-fee-disclos](http://cutimes.com/2011/05/04/retirement-plan-providers-prep-for-new-fee-disclos) [5/4/11]

2 - [prudential.com/media/managed/PruPA-DOLServiceProviderFeeDisclosure.pdf](http://prudential.com/media/managed/PruPA-DOLServiceProviderFeeDisclosure.pdf) [9/10]

3 - [corporatefinancialweeklydigest.com/2010/10/articles/executive-compensation-and-eri/dol-issues-401k-plan-participant-fee-disclosure-rules/](http://corporatefinancialweeklydigest.com/2010/10/articles/executive-compensation-and-eri/dol-issues-401k-plan-participant-fee-disclosure-rules/) [10/29/10]

4 - [accountingtoday.com/news/Congressional-Democrats-Want-Agencies-Revise-Fiduciary-Rule-58352-1.html](http://accountingtoday.com/news/Congressional-Democrats-Want-Agencies-Revise-Fiduciary-Rule-58352-1.html) [5/12/11]