

# FEE DISCLOSURE REGULATIONS REFERENCE GUIDE:

WHAT PLAN SPONSORS SHOULD KNOW



**Prudential**  
Bring Your Challenges®

## AN OVERVIEW OF 408(b)(2) and 404(a) DISCLOSURE REGULATIONS

We are well suited to support your ability to comply with the Department of Labor disclosure regulations.

The **408(b)(2) regulations (“Sponsor Disclosures”)** require that covered service providers—including Prudential Retirement®—provide fiduciaries of ERISA plans (both defined contribution and defined benefit) with a description of the services they provide, the compensation they expect to receive in connection with those services, and identification of any services provided as a fiduciary.

The **404(a) regulations (“Participant Disclosures”)** require that sponsors of participant-directed ERISA plans (defined contribution only) provide specific information to all plan participants (including those eligible but not yet participating). The final rules require the disclosure of fees, expenses, and other plan and investment-related information.

### The Prudential Retirement 408(b)(2) & 404(a) Fee Disclosure Reference Guide

The following quick reference guide summarizes these important disclosure requirements and provides insight on the support you can expect from Prudential Retirement. If you have questions about these regulations or how Prudential Retirement will meet your needs, please notify your Prudential Relationship Manager.



# FEE DISCLOSURE REGULATIONS REFERENCE GUIDE:

## WHAT PLAN SPONSORS SHOULD KNOW

408(b)(2)	404(a)
<b>WHAT is the regulation?</b>	
<p>All covered service providers to ERISA plans must describe services and disclose fiduciary status and compensation they expect to receive for their services.</p> <p><b>Covered service providers (“Providers”) include:</b></p> <ul style="list-style-type: none"><li>• Recordkeepers</li><li>• Providers of fiduciary services</li><li>• Providers of accounting, actuarial, auditing, appraisal, consulting, custodial, banking and insurance, investment advisory, investment brokerage, TPA, or valuation services who are paid via “indirect compensation”</li></ul> <p><b>Providers must disclose:</b></p> <ul style="list-style-type: none"><li>• Services provided</li><li>• Acknowledgement of fiduciary services (where applicable)</li><li>• Direct compensation, meaning compensation paid by the plan</li><li>• Indirect compensation, meaning compensation received from sources other than the plan, plan sponsor, covered service provider, or its affiliate or subcontractor, such as 12b-1 fees</li><li>• Portion of overall revenue expected in connection with recordkeeping services (if applicable)</li><li>• How each type of compensation is paid</li></ul>	<p>Sponsors of participant-directed ERISA plans (defined contribution only) must provide active and eligible participants with disclosure of plan-level information (including fees and expenses that may be assessed against their accounts) and investment-level information (including fees and expenses and performance data) at multiple times (initially, annually, quarterly and upon change)</p> <p><b>Plan Fiduciaries must:</b></p> <ul style="list-style-type: none"><li>• Give participants an overview of plan investments</li><li>• Provide an explanation of general plan fees and expenses that may be assessed against participant accounts</li><li>• Allow participants to easily compare the investments offered within their retirement plan by providing performance and benchmark data in a comparative chart format</li></ul>
<b>WHY is the regulation necessary?</b>	
<p>To ensure plan fiduciaries receive information to determine the “reasonableness” of their arrangements with providers.</p>	<p>To ensure participants and beneficiaries receive “sufficient information” to make informed investment decisions.</p>

## 408(b)(2)

## 404(a)

### WHO is responsible for disclosing information to whom?

Covered service providers, like Prudential Retirement, must furnish information to plan fiduciaries.

Plan sponsors must issue disclosures to participants, including those eligible to participate but not yet enrolled, and beneficiaries who may direct account investments.

Plan sponsors may “reasonably rely on information offered by service providers.”

### HOW must the information be disclosed?

The final regulations do not include specific delivery formats or requirements. Here is how Prudential Retirement handles the disclosure:

- We provide a consolidated plan-level Disclosure Report that compiles most required information and cross-references to some other contracts and documents familiar to our clients.
- The two most recent reports are always posted to the online Sponsor Center.
- When a fee changes, we generate an updated report with the changes identified, we post the updated report to the Sponsor Center, and we send an email notifying the sponsor that the updated report is available.

Prudential’s 404(a) report employs the Department of Labor’s “model comparative chart” with slight modifications. Our report is made up of four simple parts:

- Performance information
- Fee and expense data
- General plan information
- Information about annuity options and guaranteed income for life (if applicable)

Prudential creates a disclosure document for each applicable plan and posts the document to the Sponsor Center and the Online Retirement Center. Prudential can also help plan sponsors with fulfillment to participants. If the sponsor elects fulfillment services, participants who have elected e-delivery will get the disclosure electronically, free of charge, and other participants’ documents will be delivered via hard-copy mailing, at an additional cost.

#### Solutions to satisfy additional disclosure requirements:

- Our participant statements satisfy the quarterly disclosure requirements and are delivered to active participants per their election (e-delivery or hard copy).
- The existing Sarbanes-Oxley process that informs participating employees about any changes to their retirement plan is used to satisfy the “upon change” disclosure requirement.
- We provide a separate website to allow eligible and non-participating employees access to the required disclosures.



# FEE DISCLOSURE REGULATIONS REFERENCE GUIDE:

WHAT PLAN SPONSORS SHOULD KNOW

## A PLAN SPONSOR QUICK PREP GUIDE

To help prepare yourself for:

408(b)(2) REGULATIONS	404(a) REGULATIONS
<ol style="list-style-type: none"><li><b>1. Educate yourself and other plan fiduciaries</b> so you understand what the rules require and where your fiduciary obligations lie.</li><li><b>2. Identify the service providers from whom you expect disclosure documentation</b>, and ensure you receive one disclosure report from each.</li><li><b>3. Develop and document an internal policy</b> that defines how the information provided will be used to determine the “reasonableness” of plan provider arrangements.</li></ol>	<ol style="list-style-type: none"><li><b>1. Educate yourself</b> so you understand what the rules require and what must be included in participant disclosures.</li><li><b>2. Educate your participants about fees and expenses</b> so they have a general understanding of retirement plan fees and are not surprised when they receive their first disclosure document. Prudential Retirement’s “Understanding Your Retirement Plan Fees” on-demand, web-based tutorial is an effortless way for you to inform and educate your participant base.</li></ol>



### Questions?

Contact your Prudential Relationship Manager.



**Prudential**  
Bring Your Challenges®

For Plan Sponsor and Financial Advisor Use—Public Use Permitted

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or its affiliates. PRIAC is a Prudential Financial company.

© 2015 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo, the Rock symbol and Bring Your Challenges are service marks of Prudential Financial, Inc. and its related entities, registered in many jurisdictions worldwide.

0208498-00004-00