

Regulation & Law

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Pensions

Action on 401(k) Fee Disclosure Unlikely This Year, House Committee Aide Reports

Further action on Rep. George Miller's (D-Calif.) tax code Section 401(k) plan fee disclosure bill (H.R. 3185) is "unlikely," a Democratic congressional committee spokeswoman told BNA June 17.

Miller is chairman of the House Education and Labor Committee which passed April 16 his substitute bill, as amended, for his previously introduced Section 401(k) fee disclosure bill.

Avoiding the use of the word "dead," the Democratic spokeswoman said, "President Bush's hostility toward providing workers with basic rights makes it impossible to get this bill signed into law this year."

The bill as passed by the committee would require Section 401(k) service providers and plan administrators to provide complete disclosure of fees charged on Section 401(k) plans broken down into four categories: administrative fees, investment management fees, transaction fees, and other fees.

The bill also would require plan administrators to offer at least one low-cost index fund to plan participants in order to receive protection against liability for participants' investment losses.

Careful Examination Recommended

"Less than two years after the most comprehensive reform and renewal of our nation's pension laws in a generation, I think it's wise that we proceed with the utmost caution before layering on additional plan requirements," Rep. Howard McKeon (R-Calif.), ranking member of the committee, told BNA June 17.

"With the Department of Labor actively implementing and regulating the Pension Protection Act, Congress has the opportunity now to undertake a more careful and holistic examination of our nation's retirement system," McKeon said.

Debate Is 'Done for the Year.'

"The legislative debate on fee disclosure is done for the year," Brian H. Graff, executive director and chief executive officer of the American Society of Pension Professionals and Actuaries, told BNA June 17.

"It would be very difficult for the House of Representatives to bring Miller's bill forward," William F. Sweetnam of the Groom Law Group, told BNA June 17. The House Ways and Means Committee is busy with other tax-related activities and will not have time to focus on the Miller bill, he said.

Before the bill could go to the floor of the House, it would require Ways and Means Committee action, Sweetnam said.

Support for the bill includes the AFL-CIO, AARP, ASPPA, Council of Independent Recordkeepers, and Pension Rights Center.

Those opposing the bill or specific provisions of it include Bradford P. Campbell, assistant secretary for the Department of Labor's Employee Benefits Security Administration, who said it would create confusion regarding department efforts to require fee disclosure; the Investment Company Institute, which opposed index fund requirement; the Securities and Industry and Financial Markets Association, which opposed the index fund requirement; and the Spark Institute.