

# Have you documented plan disclosure information?

## Here's an ERISA 408(b)(2) checklist

When it comes to the Department of Labor (DOL) plan sponsor disclosure regulations, you've got a lot to navigate. We want to help.

According to ERISA section 408(b)(2), covered service providers must disclose information about service fees to plan fiduciaries. This is intended to assist fiduciaries in determining fee reasonableness. This checklist will help you get the information you need in one place.

### Who's a covered service provider?

Any retirement service provider who enters into a contract or arrangement containing a covered retirement plan and who expects to receive \$1,000 or more in compensation is considered a covered service provider.

They generally falls into three categories:

#### Individuals who receive indirect compensation for services such as:

- Accounting
- Auditing
- Actuarial
- Appraisal
- Banking
- Consulting
- Custodial
- Insurance
- Investment advisory
- Legal
- Recordkeeping
- Securities
- Other investment brokerage, third party administration or valuation services

#### Individuals who are ERISA fiduciaries, or Registered Investment Advisers\* who:

- Provide services directly to the plan or, to a vehicle that holds plan assets in which the plan has a direct investment (in the case of an ERISA fiduciary)

#### Individuals who provide brokerage or recordkeeping services to:

- Participant-directed defined contribution plans (if one or more investment options will be made available in connection with the services)

### Get started

This checklist can help you gather and document the covered service providers for your plan. It includes the disclosure information you've received from each provider.

To help you fully evaluate these relationships, it's important to review all agreements and contacts associated with service and investment products.

### Need a little help?

We've got you covered. To find sample document and disclosure information for your plan, visit [principal.com](https://www.principal.com) and search "408(b)(2)" in the Help feature.

\*Under the Investment Advisors Act of 1940 or any state law.

# ERISA Section 408(b)(2) disclosure checklist

Disclosure components for ERISA Section 408(b)(2)

Considerations for plan sponsors

Use the columns below to document the name of your plan's covered service providers and location of disclosure information received. You may also document whether certain information has not been received or is not applicable for the covered service provider. **Keep in mind**, the disclosure information you receive may not be titled as 408(b)(2).

Disclosure components for ERISA Section 408(b)(2)	Considerations for plan sponsors	Service provider:	Service provider:	Service provider:
<input type="radio"/> Covered service provider name		_____	_____	_____
<input type="radio"/> Services	<p>It's important to understand what services are being provided in connection with your plan so you can evaluate whether the fees you're paying are reasonable.</p>	_____	_____	_____
<input type="radio"/> Fiduciary status	<p>Any covered service provider who's acting in a fiduciary capacity needs to provide disclosure of this fact. It's important to know what fiduciary status each one is taking on and how it impacts your fiduciary duties.</p>	_____	_____	_____
<input type="radio"/> Direct Compensation, described as a formula, percentage or dollar amount	<p>This compensation is paid directly from plan assets, so it has an impact on your participants' retirement savings. This may include asset-based plan fees or fees deducted as a dollar amount from participant accounts.</p> <p>While not required by the 408(b)(2) regulation, many service providers will also disclose fees that are billed directly to the plan sponsor— and these fees impact the plan's total cost.</p>	_____	_____	_____
<input type="radio"/> Indirect Compensation, described as a formula, percentage or dollar amount  Also needs to identify the services, payer and describe the arrangement between payer and covered service provider	<p>This compensation is received by a covered service provider, an affiliate or subcontractor from any source other than the plan or plan sponsor. This typically is the investment expense, but could also include other compensation payments between covered service providers for the plan.</p> <p>Indirect compensation is a factor in the total cost of the plan and what your participants pay.</p>	_____	_____	_____

**Disclosure components for ERISA Section 408(b)(2)**

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<input type="radio"/> Compensation paid among related parties <ul style="list-style-type: none"> <li>• Transaction-based</li> <li>• Charged directly against the plan's investments and reflected in the net value               <ul style="list-style-type: none"> <li>– <b>Examples:</b> Soft dollar and 12(b)(1) fees for mutual funds</li> </ul> </li> <li>• Identify the services for which compensation will be paid, the payer and recipient, and the status as affiliate or subcontractor</li> </ul>	<p>This helps identify any potential conflicts of interest.</p>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<input type="radio"/> A description of all direct and indirect compensation received in connection with the termination of the contract/arrangement	<p>This information helps you understand the implications of changing service providers.</p>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<input type="radio"/> Recordkeeping cost	<p>This is just one component of the plan's total cost. Disclosure helps avoid the perception that your plan pays only investment management fees and is receiving recordkeeping services at no cost.</p>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<input type="radio"/> Compensation charged against amount invested (sales loads, sales charges, deferred sales charges, redemption fees, surrender charges, exchange fees, account fees and purchase fees) and not included in the operating expense	<p>This helps you understand all expenses associated with an investment option.</p>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
<input type="radio"/> Annual operating expenses	<p>This is just one component of the total cost of the plan. This may be referred to as the investment expense ratio or total investment expense for an investment option. This amount is inclusive of revenue retained by investment providers and revenue sharing paid.</p>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
<input type="radio"/> Ongoing expense in addition to annual operating expenses (wrap fee, mortality and expense fees)	<p>This is to help you understand all charges associated with an investment option. Investment performance is net of these fees.</p>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<input type="radio"/> For designated investment alternatives: <ul style="list-style-type: none"> <li>• Any information in the control of or reasonably available to the covered service provider that's required for the covered plan administrator to comply with the participant disclosure regulation</li> </ul>	<p>This is the investment disclosure information that you're required to provide to your plan participants.</p>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

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