

## PLAN DISCLOSURE TRANSPARENCY ANALYSIS

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Ref# 12-115

#### Summary of Transparency Evaluation

ERISA requires covered service providers to disclose information to responsible plan fiduciaries (plan sponsors) that will permit the plan sponsors to determine if services being provided to the plan are necessary, reasonable and cost effective for the plan. The disclosures are in four broad categories, estimates of cost, description of services, fiduciary responsibility and conflicts of interest.

DALBAR has examined the disclosure referenced above to assess whether the information is provided and its usefulness to plan sponsors in meeting the requirement to determine if services being provided to the plan are necessary, reasonable and cost effective for the plan.

#### Assessment of Attached Disclosure

##### Disclosure Under Review:

Qualified Retirement Plan Disclosure Document and Supplement to Qualified Retirement Plan Disclosure Document.

	<b>Assessment of Transparency*</b>	<b>Usefulness Score</b>
<b>Estimates of Cost</b>	<b>Omitted</b>	<b>27.1 of 100</b>
<b>Description of Services</b>	<b>Only Generic</b>	<b>25.0 of 100</b>
<b>Fiduciary Responsibility</b>	<b>Only Generic</b>	<b>37.5 of 100</b>
<b>Conflicts of Interest</b>	<b>Only Generic</b>	<b>35.1 of 100</b>
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<b>Overall Usefulness</b>		<b>31.2 of 100</b>

\***Assessment of Transparency** may be:

**Clearly Presented** –Information is explicit and in simple language within the disclosure

**Obscure** –Disclosure content requires legal or mathematical analysis

**Only Generic** –Information is not specific to the plan... generic ranges or lists are used

**Only by Reference** –Disclosure refers reader to another document for essential information

**Omitted** –There is no reference to the information within the disclosure



## About DALBAR

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## Additional Services

DALBAR provides various services on interest to those interested in retirement plan fees and the required disclosures and use of this information:

- **[Transparency Analysis](#)** (this report) is available for disclosures of all service providers. Those interested may submit disclosures and have an analysis performed (\$99).
- **[Request for Information](#)** is a template that can be used to obtain information necessary for plan sponsors to comply with federal regulations (downloadable at no charge).
- **[CSP Determinator](#)** identifies if a specific arrangement is subject to plan fee disclosure by the service provider (no charge).
- **[Risk/Exposure Calculator](#)** estimates the likelihood of a regulatory audit and the probable financial exposure if such an audit were to take place (\$25 per hour to use).
- **[Certification of Reasonableness](#)** documents the prudent process required to comply with federal regulations (\$375 minimum and varies based on plan size).
- **[Burdens of Knowledge](#)** is a comprehensive paper detailing plan sponsor requirements under federal regulations (no charge).

Visit [www.ERISAFeeDisclosure.com](http://www.ERISAFeeDisclosure.com) for more information on these and other services.



**Technical Quality Scores**

The technical quality score is provided for each of criteria that reflects the aggregate of all variables considered:

	<u>Rating</u>	<u>Score</u>
<b>Accessibility</b> of Critical Information	Poor	32.1 of 100
<b>Consistency</b> of Information	Poor	25.0 of 100
<b>Required</b> Information Present	Poor	29.5 of 100
<b>Overall Technical Quality</b>	Poor	----- 28.9 of 100

Technical quality criteria are:

- Accessibility** Plan sponsors can reasonably be expected to comply with the requirements of 408(b)(2) and 404(a) using the information as presented without reference to other materials or performing additional calculations.
- Consistency** Information presented appears to support other information available and raises the confidence in the reliability of information presented.
- Required** All information required by regulation is provided.

Scoring of technical quality consists of one of four ratings:

- E = Excellent** The criterion is satisfied as stated
- G = Good** The criterion is satisfied but requires minor interpretation
- F = Fair** The criterion can be satisfied with difficulty (Explanation is recommended)
- P = Poor** The criterion cannot be satisfied by the disclosure (Explanation is required)



**Scoring Weghts**

A transparency and a technical weight is assigned to every criterion that is applicable to a disclosure. The following table shows the weights applied to each rating when all criteria apply. Maximum weights ("Excellent" scores) of all the criteria in each category sum to a total of 100.

	Category	Weight (of 100) for Each Rating (When all criteria are applicable <sup>1</sup> )			
		Excellent	Good	Fair	Poor
<b>Usefulness</b>	Estimate of Cost	25.0	18.8	12.5	6.3
	Description of Services	25.0	18.8	12.5	6.3
	Fiduciary Responsibility	100.0	75.0	50.0	25.0
	Conflicts of Interest	14.3	10.7	7.1	3.6
<b>Technical Quality</b>	Accessibility	7.1	5.4	3.6	1.8
	Consistency	8.3	6.3	4.2	2.1
	Required	7.1	5.4	3.6	1.8

<sup>1</sup> If a criterion is not applicable, weightings for remaining criteria in that category are increased proportionately. For example, if a "Good" rating for an "Estimated Cost" criterion has a weight of 18.8 when all criteria apply, but the weight increases to 25.0 if one of the criteria does not apply.



**Details of Scoring**

ID	Variables Considered	Scoring			Foot-notes
		Accessibility	Consistency	Required	
<b>A</b>	<b>All Covered Services</b>				
A.1	Recap of services and total estimated amount to be paid by the plan	Poor	N/A	N/A	(1)
A.3	<i>Short form list</i> of services provided to this plan with separate description in a reference section for usability.	Poor	N/A	Poor	(2)
A.4	An affirmative statement as to whether CSP acts as a fiduciary for this plan under the service arrangement.	Fair	N/A	Poor	(3)
A.5	A <i>short form list</i> of services and the estimated amount of direct compensation expected from participants of this plan by CSP or affiliates with a total.	Poor	N/A	N/A	(1)
A.6.1	Each entity expecting indirect compensation (CSP, affiliate or subcontractor) and the estimated total amount of indirect compensation expected from participants of this plan.	Poor	N/A	Poor	(1)
A.6.2	<i>Short form list</i> of services provided by each entity named in A.6.1.	Poor	N/A	Poor	(2)
A.6.3	Each entity expecting to make payments to each entity named in A.6.1.	Fair	N/A	N/A	(4)
A.6.4	Description of the applicable arrangement between each entity named in A.6.1 and each entity named in A.6.3.	Fair	N/A	Good	(4)
A.7	Description and estimated total amount of any other payment arrangements among CSP, affiliates and subcontractors that was not included in A.6.1 but are expected from participants of this plan.	Fair	Poor	Poor	(5)
A.8	Description of terms of termination and the amount of any penalties for the CSP and each entity named in A.6.1, A.6.3 and A.7.	Poor	N/A	Poor	(6)



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ID	Variables Considered	Scoring			Footnotes
		Accessibility	Consistency	Required	
A.9	Method of payment (deduction from plan assets, deduction from participant accounts, invoice, etc.) for each entity named in A.6.1, A.6.3 and A.7.	Poor	N/A	Poor	(7)
<b>B</b>	<b>Recordkeeping Services</b>				
B.1	A total and a list of all estimated direct and indirect sources and amounts of compensation for recordkeeping, including internal allocation for bundled services expected from participants of this plan.	Poor	N/A	Poor	(8)
<b>C</b>	<b>Investment Disclosure—Fiduciary Services</b>				
C.1	For each investment controlled by a fiduciary show estimated amount of all compensation required by 404(a)(5) unless this is being disclosed by a record keeper (below).	Poor	N/A	Poor	(9)
<b>D</b>	<b>Investment Disclosure – Recordkeeping and Brokerage Services</b>				
D.1	For each investment on an investment platform show estimated amount of all compensation required by 404(a)(5)	Poor	Poor	Poor	(9)

**Footnotes**

(1)	No estimate of compensation is provided
(2)	No list of provided services is included
(3)	Fiduciary statement is conditional on which services are provided with no indication of whether there is any intent to provide these services.
(4)	Arrangements are disclosed in separate documents
(5)	No other payments apply
(6)	No description of termination terms are included
(7)	"Client election", "Deducted", "n/a" are not adequate descriptions of the method of payment
(8)	No estimate is provided for recordkeeping services
(9)	No investments as required by 404(a)(5) are provided



## SAMPLE OF DISCLOSURE