



Memorandum

To: The SPARK Institute Membership
From: Larry H. Goldbrum
Date: October 17, 2008
Re: **Fee Disclosure Compliance Survey Results**

We recently surveyed our membership regarding certain fee disclosure compliance issues. Set forth below is a summary of the survey results.

Seventeen companies responded to the survey. The results are shown in the same order as the questions appeared.¹

1. Assuming the proposed 408(b)(2) fee disclosure regulations (vendor to employer disclosure rules) are finalized and include a written agreement requirement that does not expressly require an employer/plan sponsor signature, how would you go about meeting this requirement?

53 % intend to send out amendments only.
35% are not sure, and believe it is too soon to tell.
6% intend to send out entirely new/restated agreements.
6% indicated that the approach would depend on the distribution channel.

2. Assume the same facts described in Question 1, specifically that the new regulations do not expressly require an employer/plan sponsor signature. Do you plan to require employers/plan sponsors to sign a new agreement or amendment?

41% intend to require a signature.
35% intend not to require a signature.
12% are not sure, and believe it is too soon to tell.
12% provided other responses including requiring only an acknowledgement of receipt.

¹ Some results may total more than 100% because of rounding

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3. Assume the same facts described in Question 1, except now assume that the final regulations expressly require an employer/plan sponsor signature. How would you go about meeting the requirement?

53% intend to send out amendments only.

35% are not sure, and believe it is too soon to tell.

6% intend to send out entirely new/restated agreements.

6% indicated that the approach would depend on the distribution channel.

4. How do you plan to provide either the restated agreement or amendment to employers/plan sponsors?

71% intend to use a combination of delivery methods depending on plan size.

12% intend to physically deliver document via mail, overnight, etc.

12% are not sure, and believe it is too soon to tell.

6% intend to deliver via email or over the internet.

0% intend to deliver to all customers in-person.

5. Do you plan on making other voluntary or required changes to your service agreements (e.g., annuity contract changes or fee changes) together with the changes that must be made to comply with the new regulations?

53% are not sure, and believe it is too soon to tell.

24% do not plan on making voluntary changes.

12% plan to make certain additional voluntary changes. Such changes involve either consolidating documents or making other client specific changes.

12% intend to also make certain voluntary and required changes. Such changes include reducing the number of agreements used.

0% intend to only make other required changes.

6. Assuming the regulations are finalized as they were proposed and considering whatever preparation you have already done in order to comply with the regulations, how long do you estimate it will take you to be prepared to send out new agreements or amendments to your existing book of plans?

41% can be ready in approximately 6 months.

29% can be ready in approximately 3 months.

18% are waiting for rules to be finalized, and have done minimal preparation to comply.

12% provided other responses including one estimating 6 weeks to be ready and another estimating more than 6 months.

0% are ready now.

Thank you to the companies that responded to the survey. If you have any questions about this information please feel free to contact me.