

ICI VIEWPOINTS

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DOL Should Allow E-Delivery as Default for Plan Communications, Says ICI

By Anna Driggs

Given dramatic changes in technology over the last decade, the Department of Labor (DOL) should allow retirement plans to make e-delivery the default method for communicating plan information, ICI said in a recent [comment letter](#). E-delivery will enhance communication and improve the security and privacy of personal and account information.

Some background: in 2002, DOL adopted a rule that constrains plans' ability to disclose required information electronically rather than in paper. In response to technological advances since then, in April DOL sent out a request for information about the efficacy of using e-delivery methods by employee benefit plans to communicate with their participants. DOL focuses specifically on whether allowing greater flexibility on delivery methods would enhance the effectiveness of communications required by the Employee Retirement Income Security Act (ERISA).

In our response, we urged DOL to consider our [research](#), which shows that defined contribution (DC) plan participants are familiar with using the Internet to access private financial information, including plan information. A recent Institute survey of DC plan recordkeepers finds that 60 percent of DC plan participants accessed their DC plan website during 2010. Nine in 10 working U.S. households have Internet access, and percentages for Internet access are higher across all ages and income levels among working households owning DC plan accounts when compared with working households of similar age or income groups. In addition, since recordkeepers have valid e-mail addresses for 62 percent of the DC plan participants in their systems, we argued that DOL should adopt rules that permit plans to make e-delivery the default method of communication. Plans should still give participants the option of receiving paper delivery by request.

As we state in the letter, e-delivery methods are uniquely suited to improve understanding and response to information. Electronic delivery provides a very effective format to present key information, enabling recipients to take action on the information easily via links to a secured website. One large recordkeeper indicates that response rates are three times higher for information they send via email than for print communications.

In addition, information sent electronically is more secure. Email can direct a participant to a secure website that requires authentication before it provides personal data. In contrast, paper delivery is vulnerable to misappropriation through misdelivery or theft.

Finally, we point out that e-delivery is recognized among policymakers as an effective and appropriate way to deliver information. When passing the Pension Protection Act of 2006, Congress adopted a communications standard permitting delivery of ERISA benefit statements in paper, electronic, or "any other form that is reasonably accessible to participants." Our letter encourages DOL, as it develops new rules, to use as a model the successful approach for delivering benefit statement information permitted by DOL in Field Assistance Bulletin 2006-03 (December 20, 2006), which includes the option of delivering benefit statements by providing participants with continuous access to benefit statement information via a secure website. An Executive Order issued in January instructs agencies to modify, streamline, expand, or repeal existing rules that are outmoded or insufficient and to use the best and most innovative tools for achieving regulatory objectives. As a result, we think DOL should rescind its 2002 rule and allow plans to use e-delivery methods for required ERISA communications as a default, allowing participants to opt out and receive these communications via paper delivery if they so choose.

- Read ICI's [letter](#).
- Learn more about ICI's [work on retirement policy](#).
- Visit ICI's [comment letter archive](#).

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