

DOL Changes Position On Charging Participant Accounts For Plan Expenses

The Department of Labor (DOL) issued Field Assistance Bulletin (FAB) 2003-3 which outlines their revised position on charging participant accounts for certain plan related expenses. Under prior guidance received from the DOL, a participant's account could not be directly charged for expenses incurred for plan activities that were required by law. In this FAB, the DOL retracts this position by stating that expenses for the following distribution services may be paid directly from a participant's account:

- Determining whether a domestic relations order constitutes a qualified domestic relations order.
- Processing hardship withdrawals.
- Calculating benefits under different payment options.
- Processing benefit distributions including check fees.

The DOL's position is that the plan document must authorize the payment of plan expenses from plan assets. In addition, the summary plan description should describe any fees that will be directly charged to their accounts.

Employers are expected to embrace this new position. BCG can accept client's requests to charge participant accounts for distribution fees and fees to review domestic relations orders.