News Release

U.S. Department of Labor
Office of Public Affairs
Washington, D.C.
Release Number 04-1892-NAT

For Immediate Release
Date: Sept. 27, 2004
Contact: Gloria Della
Phone: (202) 693-8664

Labor Department Announces Automatic Rollover Regulation To Preserve Savings for Retirement

WASHINGTON– The U.S. Department of Labor today announced the release of a final regulation that will provide employee benefit plan fiduciaries with guidance to help them preserve workers' retirement savings.

"Every little bit counts when talking about saving for retirement" said Ann L. Combs, Assistant Secretary of the department's Employee Benefits Security Administration (EBSA). "Unfortunately, some workers change jobs and fail to tell their employers what to do with their retirement accounts. This rule will ensure that those savings are preserved for retirement."

Certain distributions of retirement plan benefits must be automatically rolled over into an individual retirement plan when a separated worker fails to elect a distribution method. The final rule adopted by the department protects retirement plan fiduciaries from liability under the Employee Retirement Income Security Act (ERISA) by providing a safe harbor in connection with two aspects of the automatic rollover process – the selection of an institution to provide the individual retirement plan and the selection of investments for such plans.

In order to obtain relief under the safe harbor, a plan fiduciary must satisfy certain conditions. Among other things, the final rule provides that the selected plan provider must be qualified to offer individual retirement plans; investment products must be designed to preserve principal; and the fees and expenses for such plans may not exceed those charged by the selected plan provider to its other individual retirement plan customers. The department also is adopting a class exemption from the prohibited transaction rules of ERISA that permits certain plan sponsors to use their own services and products in connection with rollovers from their own retirement plan.

The final rule and related class exemption is to be published in the Sept. 28, 2004 **Federal Register.**

###