



Highlights of [GAO-05-784T](#), a testimony before the Committee on Health, Education, Labor, and Pensions, U.S. Senate

Why GAO Did This Study

Congress passed the Employee Retirement Income Security Act of 1974 (ERISA) to address public concerns over the mismanagement and abuse of private sector employee benefit plans by some plan sponsors and administrators. The Department of Labor's Employee Benefits Security Administration (EBSA) shares responsibility with the Internal Revenue Service and the Pension Benefit Guaranty Corporation for enforcing ERISA. EBSA works to safeguard the economic interest of more than 150 million people who participate in an estimated 6 million employee benefit plans with assets in excess of \$4.4 trillion. EBSA plays a primary role in ensuring that employee benefit plans operate in the interests of plan participants, and the effective management of its enforcement program is pivotal to ensuring the economic security of workers and retirees.

Recent scandals involving abuses by pension plan fiduciaries and service providers, as well as trading scandals in mutual funds that affected plan participants and other investors, highlight the importance of ensuring that EBSA has an effective and efficient enforcement program. Accordingly, this testimony focuses on describing EBSA's enforcement strategy, EBSA's efforts to address weaknesses in its enforcement program along with the challenges that remain.

www.gao.gov/cgi-bin/getrpt?GAO-05-784T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovjergb@gao.gov.

EMPLOYEE BENEFITS SECURITY ADMINISTRATION

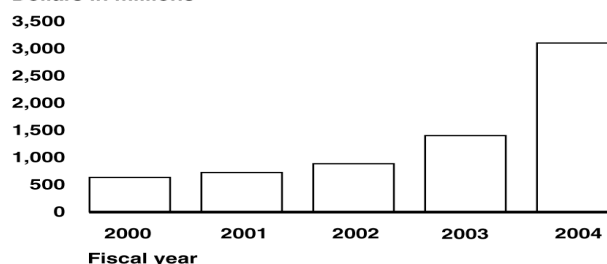
Improvements Have Been Made to Pension Enforcement Program but Significant Challenges Remain

What GAO Found

EBSA's enforcement strategy is a multifaceted approach of targeted plan investigations. To leverage its enforcement resources, EBSA provides education to plan participants and plan sponsors. EBSA allows its regional offices the flexibility to tailor their investigations to address the unique issues in the regions, within a framework established by EBSA's Office of Enforcement. The regional offices then have a significant degree of autonomy in developing and carrying out investigations using a mixture of approaches and techniques they deem most appropriate. Participant leads are still the major source of investigations. EBSA officials told us that they open about 4,000 investigations into actual and potential violations of ERISA annually. To supplement their investigations, the regions conduct outreach activities to educate both plan participants and sponsors. The purpose of these efforts is to gain participants' help in identifying potential violations and to educate sponsors in properly managing their plans and avoiding violations. Finally, EBSA maintains a Voluntary Fiduciary Correction Program through which plan officials can voluntarily report and correct some violations without penalty.

EBSA has taken steps to address many of the recommendations we have made over the years to improve its enforcement program, including assessing the level and types of noncompliance with ERISA, improving sharing of best investigative practices, and developing a human capital strategy to better respond changes in its workforce. EBSA reported a significant increase in enforcement results for fiscal year 2004, including \$3.1 billion in total monetary results and closing about 4,400 investigations, with nearly 70 percent of those cases resulting in corrections of ERISA violations. Despite this progress, EBSA continues to face a number of significant challenges to its enforcement program, including (1) the lack of timely and reliable plan information, which is highlighted by the fact that EBSA is currently using plan year 2002 and 2003 plan information for its computer targeting, (2) restrictive statutory requirements that limit its ability to assess certain penalties, and (3) the need to better coordinate enforcement strategies with the Securities and Exchange Commission, which is highlighted by recent scandals involving the trading practices and market timing in mutual funds and conflicts of interest by pension consultants.

Total Monetary Results from EBSA Enforcement Activities for Fiscal Years 2000-2004
Dollars in millions



Source: GAO analysis.