

107TH CONGRESS  
2D SESSION

# S. 2185

To amend the Employee Retirement Income Security Act of 1974 to provide workers with individual account plans with information on how the assets in their accounts are invested and of the need to diversify the investment of the assets.

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## IN THE SENATE OF THE UNITED STATES

APRIL 17, 2002

Mr. CLELAND introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To amend the Employee Retirement Income Security Act of 1974 to provide workers with individual account plans with information on how the assets in their accounts are invested and of the need to diversify the investment of the assets.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. INDIVIDUAL ACCOUNT PLANS REQUIRED TO**  
2 **GIVE PARTICIPANTS ADEQUATE INFORMA-**  
3 **TION TO ASSIST THEM IN DIVERSIFYING PEN-**  
4 **SION ASSETS.**

5 (a) IN GENERAL.—Section 104 of the Employee Re-  
6 tirement Income Security Act of 1974 (29 U.S.C. 1024)  
7 is amended—

8 (1) by redesignating subsections (c) and (d) as  
9 subsections (d) and (e), respectively, and

10 (2) by inserting after subsection (b) the fol-  
11 lowing new subsection:

12 “(c)(1) The plan administrator of an applicable indi-  
13 vidual account plan shall, within a reasonable period of  
14 time following the close of each calendar quarter, provide  
15 to each participant or beneficiary a statement with respect  
16 to his or her individual account which includes—

17 “(A) the fair market value as of the close of  
18 such quarter of the assets in the account in each in-  
19 vestment option,

20 “(B) the percentage as of such calendar quarter  
21 of assets which each investment option is of the total  
22 assets in the account,

23 “(C) the percentage of the investment in em-  
24 ployer securities which came from employer con-  
25 tributions other than elective deferrals (and earnings  
26 thereon) and which came from employee contribu-

1        tions and elective deferrals (and earnings thereon),  
2        and

3            “(D) such other information as the Secretary  
4        may prescribe.

5        “(2)(A) Each statement shall also include a separate  
6        statement which is prominently displayed and which reads  
7        as follows:

8            “‘Under commonly accepted principles of good  
9        investment advice, a retirement account should be  
10       invested in a broadly diversified portfolio of stocks  
11       and bonds. It is unwise for employees to hold signifi-  
12       cant concentrations of employer stock in an account  
13       that is meant for retirement savings’.

14        “(B) The plan administrator of an applicable indi-  
15       vidual account plan shall provide the separate statement  
16       described in subparagraph (A) to an individual at the time  
17       the individual first becomes a participant in the plan.

18        “(3) Any statement or notice under this subsection  
19       shall be written in a manner calculated to be understood  
20       by the average plan participant.

21        “(4) For purposes of this subsection—

22            “(A) The term ‘applicable individual account  
23        plan’ means an individual account plan to which sec-  
24        tion 404(c)(1) applies.

1           “(B) The term ‘elective deferrals’ has the  
2           meaning given such term by section 402(g)(3) of  
3           such Code.

4           “(C) The term ‘employer securities’ has the  
5           meaning given such term by section 407(d)(1).”

6           (b) ENFORCEMENT.—Section 502(c)(1) of such Act  
7           (29 U.S.C. 1132(c)(1)) is amended by striking “or section  
8           101(e)(1)” and inserting “, section 101(e)(1), or section  
9           104(c)”.

10          (c) EFFECTIVE DATE.—The amendments made by  
11          this section shall apply to calendar quarters beginning on  
12          and after January 1, 2003.

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