

MetLife



Final Regulation on Participant-Level Fee Disclosures

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About MetLife

For over 140 years, MetLife has been one of the country's most trusted financial institutions. The MetLife enterprise serves more than 90 of the top 100 Fortune 500®-ranked companies. In addition, the national credit rating agencies have repeatedly recognized us for our financial strength.¹

MetLife Resources is the division of Metropolitan Life Insurance Company that specializes in providing retirement program products and services to education, non-profit, governmental and healthcare employers and their employees. MetLife Resources currently offers defined contribution retirement plan services to 1.4 million participants and has approximately \$35 billion in retirement plan assets under administration.²

In addition, MetLife has highly skilled professionals dedicated to risk management and benefit funding associated with qualified and nonqualified plans, including retirement, executive and welfare benefits. The operating companies, Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut, manage \$70 billion of group annuity assets,³ lead the market with \$34 billion of transferred pension liabilities,³ have over a 35-year track record in stable value with \$35 billion of stable value business³ and have \$19 billion of nonqualified benefit funding assets.³

Why MetLife Prepared This Paper

MetLife has a long history of advocacy and involvement in the many public policy matters that affect retirement plan sponsors of all types and the retirement industry generally. This paper is an example of this work in action, and is designed to inform defined contribution plan sponsors about meeting their fiduciary responsibilities.

About The Author

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Andy has over twenty years' experience in employee benefits law and ERISA. He received his B.A. cum laude from Queens College, an M.B.A. from St. John's University Graduate School of Business, a J.D. from New York Law School, and an LL.M. from New York University Law School. Andy has published articles on ERISA and employee benefits law in the Benefits Law Journal, The Journal of Pension Planning and Compliance, and The Journal of Compensation and Benefits.

While an ERISA plan administrator is the party responsible for complying with this regulation, plan recordkeepers and providers associated with the plan's investment options should be able to provide assistance.

Introduction

Retirement benefits have changed dramatically over the past thirty years. There has been a gradual shift away from employer-provided defined benefit retirement plans. Many employees now rely more on their employers' defined contribution plans to help build financial security for their lives as retirees. As a result, greater responsibility and risk is being placed on plan participants to ensure their retirement security.

Recognizing these trends, the U.S. Department of Labor (DOL or the Department) published a new regulation on October 20, 2010, charging ERISA plan administrators with new responsibilities regarding participant-level fee disclosures. The goal of the new regulation is to ensure that all participants and beneficiaries in ERISA participant-directed individual account plans have the information needed to make informed decisions about their retirement plan investment choices.

Portions of the regulation contain disclosures similar to those which some plan administrators provide to participants today (particularly in the area of investment performance illustrations for a plan's investment options). One significant difference between what may already be furnished versus the new regulation is that the new regulation requires delivery of investment-related performance and fee information in a comparative format on a prescribed, more frequent basis. Many plan administrators may not be providing investment option performance information in the DOL prescribed format and/or within the time frames dictated by the Department.

While an ERISA plan administrator is the party responsible for complying with this regulation, plan recordkeepers and providers associated with the plan's investment options should be able to provide assistance so the required information is available for the plan administrator to deliver. The purpose of this paper is to help plan administrators understand and prepare for their new responsibilities associated with the participant-level fee disclosure regulation. Although the regulation applies to covered plans for plan years beginning on or after November 1, 2011 (e.g., January 1, 2012 for calendar year plans), the DOL issued a revised transition rule, which has delayed the initial compliance date for calendar year plans to May 31, 2012.

Under the regulation, “participants” are defined to include employees who are eligible to participate in the plan and beneficiaries who have the right to direct the investments in their accounts.

Background

In recent years, the DOL has issued fee disclosure rules and regulations in three separate phases covering both plan sponsor and participant level disclosures. These regulations have increased the types and detail of required disclosures.

Phase One: In 2009, the DOL amended the ERISA 5500 (annual return/report) Schedule C rules by requiring plan sponsors to report additional details on compensation received by pension and welfare plan service providers.

Phase Two: On July 16, 2010, the DOL issued the fiduciary-level fee disclosure interim final rule (also referred to as the “408(b)(2) interim final rule”) defining what information plan service providers must furnish to plan fiduciaries regarding their fees and services. This rule supplements the changes in Phase One to achieve greater fee transparency and ensure plan fiduciaries have the information they need to monitor their service providers.

Phase Three: On October 20, 2010, the DOL expanded the scope of its efforts for greater fee transparency to include participants. These new participant-level fee disclosure rules are intended to:

- 1) give participants an overview of a plan’s investment options, inform them of the mechanics of investing in the options and identify investment managers for those options;
- 2) provide an explanation of general plan fees, as well as those charges that may be made against a participant’s individual plan account;
- 3) allow participants to compare current investment performance against benchmarks and help them proactively manage their investment selections.

New Participant-Level Fee Disclosure Requirements

Definition of Participant

Under the regulation, “participants” include employees who are eligible to participate in the plan, as well as those enrolled in the plan. The regulation also covers beneficiaries who have the right to direct the investments of their accounts in the plan. Plan administrators will need to deliver the required disclosures and investment information to:

- Current plan participants
- Employees who are eligible to participate but are not contributing
- Beneficiaries who can direct the investments in their accounts (by reason of the death of the participant)
- Individuals who obtain rights to a participant’s plan account under a Qualified Domestic Relations Order (QDRO)

For purposes of this paper, all references to the word “participant” include beneficiaries and alternate payees under QDROs.

Types of Disclosures

The new regulation defines the specific details that must be disclosed to plan participants. Applicable to all ERISA participant-directed individual account plans (e.g. Section 401(k) and 403(b) plans, but excluding simplified employee pension, and simple retirement accounts), regardless of the number of participants, the regulation calls for two broad categories of information that must be disclosed to participants:

- Plan-Related
- Investment-Related

Plan-Related Information

The regulation calls for plan administrators to affirmatively disclose three categories of plan-related information to participants:

- 1. General Plan Information:** Covers the structure and mechanics of the plan including:
 - a current list of the plan's investment options;
 - an explanation of how participants may direct their investment choices;
 - any limitations on transfers to or from an investment option;
 - the exercise (and any restrictions) of voting, tender and similar rights;
 - the identity of any designated investment managers; and
 - a description of any brokerage windows, self-directed brokerage accounts or similar plan arrangements that enable participants to select investments beyond those designated by the plan.
- 2. Administrative Expenses:** Contains an explanation of any general fees and expenses that may be charged to, or deducted from, all individual participant accounts. The general expenses may include fees for legal, accounting and recordkeeping services, and are not reflected in the total annual operating expenses of any designated investment alternative. The basis on which charges will be allocated to each account (e.g., pro rata, per capita) must also be disclosed.
- 3. Individual Expenses:** Describes any fees that may be charged to, or deducted from, the individual participant's account based on the actions taken by that participant, so long as the fees are not reflected in the total annual operating expenses of the respective designated investment alternative. These expenses may include charges for plan loans, processing QDROs, fees for investment advice, brokerage windows, redemption fees and similar expenses.

Investment-Related Information

It is critical for participants to be able to make a comparison of investment-related information, including performance, fees and expenses. To facilitate this, the regulation requires that information regarding each investment option available under the plan be furnished in a similar format. The regulation also specifies that the disclosed information must be written in a manner that will be understood by the average person. In effect, this will enable participants to make a better “apples-to-apples” comparison of the plan’s investment options.

Model Comparative Chart

To help plan administrators meet this new requirement, the DOL has provided a safe harbor model comparative chart for investment options (Model Comparative Chart) which can be viewed at the end of this white paper. Plan administrators that use this chart are considered to have complied with the regulation’s comparative disclosure requirement.

The Model Comparative Chart has three parts of investment-related information that plan administrators must disclose to participants and beneficiaries:

Introduction

The Model Comparative Chart begins with an introductory paragraph that directs participants to the Web site address(es) for each investment option and the plan administrator’s name, address and telephone number. It informs participants that a hard copy of the investment on the Web site(s) can be obtained and states who the participant can contact to receive this disclosure.

Part I – Performance Information

The first part of the Model Comparative Chart allows the plan administrator to disclose investment performance information on variable return and fixed return investments and must include:

- **Identifying Information:** The name of each investment alternative under the plan and the type or asset class for each investment (e.g., money market fund, balanced stock fund, large cap stock fund).
- **Performance Data:** Information about historical performance for variable return investments over 1, 5, and 10-year periods (or for the life of the investment, if shorter) with a statement that past performance is not necessarily an indication of how the investment will perform in the future. For fixed return investments, the fixed or stated annual rate of return, and the term must be disclosed, and information regarding the issuer’s right to adjust the fixed or stated rate of return prospectively, if applicable.

Example of Performance-Related Information with No Fixed Rate of Return

Table 1—Variable Return Investments								
Name/ Type of Option	Average Annual Total Return as of 12/31/12				Benchmark			
	1yr.	5yr.	10yr.	Since Inception	1yr.	5yr.	10yr.	Since Inception
Equity Funds								
A Index Fund/ S&P 500 www. website address	26.5%	.34%	-1.03%	9.25%	26.46%	.42%	-.95%	9.30%
							S&P 500	

- **Benchmarks:** Plan administrators are required to benchmark each investment alternative in the plan. The provided information should show participants and beneficiaries how the plan options have performed over time and allow the participant to compare the investment alternatives with appropriate benchmarks for the same time period.

For variable return investments, a broad-based index (e.g., S&P 500) with 1, 5, and 10-year returns (or the life of the investment, if shorter) must be provided as a benchmark for comparison purposes. The benchmark cannot be administered by an affiliate of the investment issuer, its adviser, or a principal underwriter, unless the index is widely recognized and used. A blend of various benchmarks may be used to reflect the composition of blended investments such as balanced and target date funds. Investments with a fixed rate of return are not required to provide this information.

Part II – Fee and Expense Information

The second part of the Model Comparative Chart details the total annual operating expenses and shareholder type fees (such as sales loads or redemption fees) for the identified variable return investment options. The total annual operating expenses of the investment must be shown as a percentage (i.e. expense ratio) and as a dollar amount per \$1,000 invested. Restrictions or limitations regarding the purchase, transfer or withdrawal of the investment, in whole or in part, must be disclosed. Further, there must be a statement indicating that fees and expenses are only one of several factors that participants and beneficiaries should consider when making investment decisions, and a statement that the cumulative effect of fees and expenses can substantially reduce the growth of a participant’s retirement account. Also, a statement is required advising that the participant can visit the DOL Employee Benefit Security Administration Web site for an example demonstrating the long-term effect of fees and expenses.

For fixed return investments, the regulation requires a statement of the amount and a description of any shareholder type fees, restrictions or limitations regarding the purchase, transfer or withdrawal of the investment, in whole or in part.

Example of Fee and Expense Information

Table 3—Fees and Expenses			
Name / Type of Option	Total Annual Operating Expenses		Shareholder-Type Fees
	As a %	Per \$1000	
Equity Funds			
A Index Fund/ S&P 500	0.18%	\$1.80	\$20 annual service charge subtracted from investments held in this option if valued at less than \$10,000.
B Fund/ Large Cap	2.45%	\$24.50	2.25% deferred sales charge subtracted from amounts withdrawn within 12 months of purchase.

The disclosed information must be written in a manner that will be understood by the average person. In effect, this will enable participants to make a better “apples-to-apples” comparison.

Part III – Special Disclosure Requirements

The third part of the Model Comparative Chart focuses on information relating to any annuity options under the plan.

- **Annuities:** If participants can allocate contributions toward the future purchase of a stream of income payments guaranteed by an insurance company, special annuity-related disclosures must be delivered to plan participants and beneficiaries, including:
 - the name of the annuity contract, fund or product;
 - the annuity's objective (e.g., fixed income payments for life);
 - the benefits and factors that determine the price of the guaranteed income payments;
 - any limitations on the ability of the participant or beneficiary to withdraw or transfer funds from the annuity, as well as any fees for withdrawals or transfers;
 - any fees, such as administrative fees, sales charges or surrender charges that will reduce the value of amounts contributed to the annuity by participants and beneficiaries;
 - a statement about the insurance company's guarantees being subject to its long-term financial strength and claims-paying ability; and
 - a Web site with additional information about the annuity.
- **Employer Securities:** If company stock funds are included as a participant-directed plan investment option, special disclosure requirements apply. They are, however, generally exempt from disclosing fees and expenses, the portfolio turnover rate, and the total annual operating expenses expressed as a percentage, unless the employer securities option is a fund where participants or beneficiaries acquire units of participation rather than actual shares of employer stock.

Timing and Frequency of Communications

The information in the following table summarizes the timing requirements related to the investment option information disclosures:

Communication	Frequency
New Participant Disclosure	Plan and investment information must be furnished to participants on or before the date they first direct their contributions to a particular investment.
Annual Disclosure	Plan and investment information must be made at least annually, or once in any 12-month period thereafter. This will include any eligible, but non-contributing, participants.
Update of Plan Information	If any plan information disclosed in the New Participant or Annual Disclosure changes, participants must be given updated information at least 30 days, but not more than 90 days prior to any changes.
Quarterly Statements	Quarterly statements must be sent to each participant describing the actual dollar amount of the administrative and individual expenses actually charged to the participant's account during the preceding quarter. Accordingly, any eligible, but non-contributing, participant will not receive a quarterly statement because no contributions are being made to the plan.
Participant Requests	If a participant requests, the plan administrator must provide supplemental information relating to the plan's investment options. Examples include: prospectuses, financial statements and unit/share values.

Effective Date and Transition Rules

The regulation has an applicability date of the first day of the first plan year beginning on or after November 1, 2011. In simple terms, the regulation is effective on **January 1, 2012** for calendar year plans.

However, in recognition of the work plan administrators will need to do to comply with both the fiduciary-level fee disclosures as well as this regulation, effective July 15, 2011, the DOL released a transitional rule which has delayed the compliance date for this participant-level fee disclosure regulation. For calendar year plans, this means that the initial disclosures (i.e., all disclosures other than disclosures required at least quarterly) will need to be provided to participants in the new prescribed format no later than **May 31, 2012**⁴. For quarterly statements of fees and expenses actually deducted, the first required disclosure date will be no later than **August 14, 2012**.

Other Requirements

Internet Web Site

The new regulation calls for plan administrators to furnish participants with access to an internet Web site(s) which provides specific investment option information. The Web site must be specific enough to provide participants access to the information in a manner consistent with certain SEC forms⁵. The Web site(s) must include the following:

- the name of the investment's issuer;
- the goals and objectives of the investment option;
- the investment options' principal strategies (including a general description of the types of assets held by the investment option) and principal risks;
- the portfolio's turnover rate;
- performance data updated on a quarterly basis, or more frequently if required by other applicable law; and
- related fees and expenses for investment options.

Procedures for updating the information must be in place. In addition, the Web site(s) information must also be available in a paper format.

Glossary

The disclosure must either include a general glossary of terms to help participants understand the plan's investment options or a Web site(s) address(es) that will provide on-line access to a glossary of terms.

Affirmative Disclosure Requirement

In the past, plan administrators often made information on plan fees and investments generally available to plan participants by providing this information on the employer's Intranet Web site or the Web site of a third party administrator. However, under this new regulation, merely posting this information on the employer's, a third party administrator's or other plan service provider's Web site, will not be sufficient. The plan administrator must proactively and regularly furnish these disclosures.

Initial disclosures will need to be provided to participants in the new prescribed format no later than May 31, 2012.

The new regulation requires an annual disclosure notice be provided to all eligible employees.

Electronic Delivery

Electronic delivery of the participant-level fee disclosures is not permitted unless participants consent to electronic delivery or use a computer regularly at work. Hard copy delivery will be required for everyone else and a paper version of the disclosures must be furnished if the participant requests it. The DOL is pursuing a regulatory initiative to explore electronic delivery of participant disclosures and has stated that it intends to provide guidance on this topic in advance of this regulation's compliance date.

Fiduciary Breaches

Violations of this regulation will result in an ERISA fiduciary breach. While plan administrators have a fiduciary responsibility to comply with the required disclosures, they will not be held liable for any deficiencies in the information furnished to participants if they reasonably relied on the data received from the plan's providers.

It is important to emphasize that this regulation does not relieve fiduciaries of their responsibility to prudently select and monitor providers of services to the plan or the investment options offered under the plan.

Plan Sponsor Implications

The DOL's phased approach to implement enhanced ERISA fiduciary-level and participant-level fee disclosure requirements is designed to benefit both employers and employees alike. There are, however, several areas where plan administrators should begin to prepare now to ensure the regulation's requirements are met as there are notable differences from current practices to consider.

For example, the new regulation requires an annual disclosure notice be provided to all eligible employees. Though this will require a new process to be implemented by plan administrators, the upside is that it could have the effect of increasing plan participation by making those not participating in the plan aware of the opportunity to participate.

For ERISA 403(b) plans with several service providers that provide multiple investment options, the new regulation will be even more challenging. The DOL has indicated that plan sponsors must deliver the disclosures for all providers automatically and in a manner that facilitates comparison.

This means that plan administrators may need to group all of the investment options on the DOL Model Comparative Chart, creating additional work that could strain existing resources. Plan administrators may want to consider decreasing the number of investment options offered under the plan to streamline processes and reduce information overload among employees.

Additionally, plan administrators must be sure that they are equipped to handle inquiries from employees pertaining to the new disclosures. Although the regulation is designed to improve transparency, it will likely lead to employees asking questions about plan fees and expenses. Plan administrators can begin taking action now to prepare an effective employee communications program.

Getting Ready

ERISA plan administrators should begin to plan for this new responsibility well in advance of the first disclosures being delivered next year to participants (i.e., May 31, 2012 and August 14, 2012 for calendar year plans). The checklist below gives guidance on steps that you will need to take as you prepare to meet the new requirements.

Participant-Level Fee Disclosure Checklist

- ✓ Become familiar with the DOL Model Comparative Chart so that you understand the different components of information that must be disclosed.
- ✓ Meet with your service provider(s) and begin discussions on the availability and retrieval of the investment-related and expense information.
- ✓ Research your data sources to make sure you can identify all participants, eligible employees and beneficiaries that need to receive the disclosures.
- ✓ Consider the additional costs that may be incurred to fulfill the annual notice requirement.
- ✓ Develop a communications program and secure resources to help you execute the program.

Summary

As an industry leader, MetLife is in full support of the intent of this new regulation. We agree that participants need the information contained in the disclosures to make informed decisions and become more engaged in planning for their retirement. Over the next several months, we will be developing tools and resources to help you deliver the disclosures and address the communication needs of your participants. We stand ready to assist you as you prepare to meet the new requirements.

Appendix: DOL Model Comparative Chart

ABC Corporation 401k Retirement Plan

Investment Options – January 1, 20XX

This document includes important information to help you compare the investment options under your retirement plan. If you want additional information about your investment options, you can go to the specific Internet Web site address shown below or you can contact [insert name of plan administrator or designee] at [insert telephone number and address]. A free paper copy of the information available on the Web site[s] can be obtained by contacting [insert name of plan administrator or designee] at [insert telephone number].

Document Summary

This document has 3 parts. Part I consists of performance information for plan investment options. This part shows you how well the investments have performed in the past. Part II shows you the fees and expenses you will pay if you invest in an option. Part III contains information about the annuity options under your retirement plan.

Part I. Performance Information

Table 1 focuses on the performance of investment options that do not have a fixed or stated rate of return. Table 1 shows how these options have performed over time and allows you to compare them with an appropriate benchmark for the same time periods. Past performance does not guarantee how the investment option will perform in the future. Your investment in these options could lose money. Information about an option's principal risks is available on the Web site[s].

Table 1—Variable Return Investments								
Name/ Type of Option	Average Annual Total Return as of 12/31/XX				Benchmark			
	1yr.	5yr.	10yr.	Since Inception	1yr.	5yr.	10yr.	Since Inception
Equity Funds								
A Index Fund/ S&P 500 www. website address	26.5%	.34%	-1.03%	9.25%	26.46%	.42%	-.95%	9.30%
S&P 500								
B Fund/ Large Cap www. website address	27.6%	.99%	N/A	2.26%	27.80%	1.02%	N/A	2.77%
US Prime Market 750 Index								
C Fund/ Int'l Stock www. website address	36.73%	5.26%	2.29%	9.37%	40.40%	5.40%	2.40%	12.09%
MSCI EAFE								
D Fund/ Mid Cap www. website address	40.22%	2.28%	6.13%	3.29%	46.29%	2.40%	-.52%	4.16%
Russell Midcap								
Bond Funds								
E Fund/ Bond Index www. website address	6.45%	4.43%	6.08%	7.08%	5.93%	4.97%	6.33%	7.01%
Barclays Cap. Aggr. Bd.								
Other								
F Fund/ GICs www. website address	.72%	3.36%	3.11%	5.56%	1.8%	3.1%	3.3%	5.75%
3-month US T-Bill Index								
G Fund/ Stable Value www. website address	4.36%	4.64%	5.07%	3.75%	1.8%	3.1%	3.3%	4.99%
3-month US T-Bill Index								
Generations 2020/ Lifecycle Fund www. website address	27.94%	N/A	N/A	2.45%	26.46%	N/A	N/A	3.09%
S&P 500								
23.95% N/A N/A 3.74%								
Generations 2020 Composite Index*								

*Generations 2020 composite index is a combination of a total market index and a US aggregate bond index proportional to the equity/bond allocation in the Generations 2020 Fund.

Table 2 focuses on the performance of investment options that have a fixed or stated rate of return. Table 2 shows the annual rate of return of each such option, the term or length of time that you will earn this rate of return, and other information relevant to performance.

Table 2—Fixed Return Investments			
Name/ Type of Option	Return	Term	Other
H 200X/ GIC www. website address	4%	2 Yr.	The rate of return does not change during the stated term.
I LIBOR Plus/ Fixed-Type Investment Account www. website address	LIBOR +2%	Quarterly	The rate of return on 12/31/xx was 2.45%. This rate is fixed quarterly, but will never fall below a guaranteed minimum rate of 2%. Current rate of return information is available on the option's Web site or at 1-800-yyy-zzzz.
J Financial Services Co./ Fixed Account Investment www. website address	3.75%	6 Mos.	The rate of return on 12/31/xx was 3.75%. This rate of return is fixed for six months. Current rate of return information is available on the option's Web site or at 1-800-yyy-zzzz.

Part II. Fee and Expense Information

Table 3 shows fee and expense information for the investment options listed in Table 1 and Table 2. Table 3 shows the Total Annual Operating Expenses of the options in Table 1. Total Annual Operating Expenses are expenses that reduce the rate of return of the investment option. Table 3 also shows Shareholder-type Fees. These fees are in addition to Total Annual Operating Expenses.

Table 3—Fees and Expenses			
Name / Type of Option	Total Annual Operating Expenses		Shareholder-Type Fees
	As a %	Per \$1000	
Equity Funds			
A Index Fund/ S&P 500	0.18%	\$1.80	\$20 annual service charge subtracted from investments held in this option if valued at less than \$10,000.
B Fund/ Large Cap	2.45%	\$24.50	2.25% deferred sales charge subtracted from amounts withdrawn within 12 months of purchase.
C Fund/ International Stock	0.79%	\$7.90	5.75% sales charge subtracted from amounts invested.
D Fund/ Mid Cap ETF	0.20%	\$2.00	4.25% sales charge subtracted from amounts withdrawn.
Bond Funds			
E Fund/Bond Index	0.50%	\$5.00	N/A
Other			
F Fund/ GICs	0.46%	\$4.60	10% charge subtracted from amounts withdrawn within 18 months of initial investment.
G Fund/ Stable Value	0.65%	\$6.50	Amounts withdrawn may not be transferred to a competing option for 90 days after withdrawal.
Generations 2020/ Lifecycle Fund	1.50%	\$15.00	Excessive trading restricts additional purchases (other than contributions and loan repayments) for 85 days.
Fixed Return Investments			
H 200X/ GIC	N/A		12% charge subtracted from amounts withdrawn before maturity.
I LIBOR Plus/ Fixed- Type Invest Account	N/A		5% contingent deferred sales charge subtracted from amounts withdrawn; charge reduced by 1% on 12-month anniversary of each investment.
J Financial Serv Co. / Fixed Account Investment	N/A		90 days of interest subtracted from amounts withdrawn before maturity.

The cumulative effect of fees and expenses can substantially reduce the growth of your retirement savings. Visit the Department of Labor’s Web site for an example showing the long-term effect of fees and expenses at http://www.dol.gov/ebsa/publications/401k_employee.html. Fees and expenses are only one of many factors to consider when you decide to invest in an option. You may also want to think about whether an investment in a particular option, along with your other investments, will help you achieve your financial goals.

Part III. Annuity Information

Table 4 focuses on the annuity options under the plan. Annuities are insurance contracts that allow you to receive a guaranteed stream of payments at regular intervals, usually beginning when you retire and lasting for your entire life. Annuities are issued by insurance companies. Guarantees of an insurance company are subject to its long-term financial strength and claims-paying ability.

Table 4—Annuity Options			
Name	Objectives / Goals	Pricing Factors	Restrictions / Fees
Lifetime Income Option www. website address	To provide a guaranteed stream of income for your life, based on shares you acquire while you work. At age 65, you will receive monthly payments of \$10 for each share you own, for your life. For example, if you own 30 shares at age 65, you will receive \$300 per month over your life.	The cost of each share depends on your age and interest rates when you buy it. Ordinarily the closer you are to retirement, the more it will cost you to buy a share. The cost includes a guaranteed death benefit payable to a spouse or beneficiary if you die before payments begin. The death benefit is the total amount of your contributions, less any withdrawals.	Payment amounts are based on your life expectancy only and would be reduced if you choose a spousal joint and survivor benefit. You will pay a 25% surrender charge for any amount you withdraw before annuity payments begin. If your income payments are less than \$50 per month, the option’s issuer may combine payments and pay you less frequently, or return to you the larger of your net contributions or the cash-out value of your income shares.
Generations 2020 Variable Annuity Option www. website address	To provide a guaranteed stream of income for your life, or some other period of time, based on your account balance in the Generations 2020 Lifecycle Fund. This option is available through a variable annuity contract that your plan has with ABC Insurance Company.	You have the right to elect fixed annuity payments in the form of a life annuity, a joint and survivor annuity, or a life annuity with a term certain, but the payment amounts will vary based on the benefit you choose. The cost of this right is included in the Total Annual Operating Expenses of the Generations 2020 Lifecycle Fund, listed in Table 3 above. The cost also includes a guaranteed death benefit payable to a spouse or beneficiary if you die before payments begin. The death benefit is the greater of your account balance or contributions, less any withdrawals.	Maximum surrender charge of 8% of account balance. Maximum transfer fee of \$30 for each transfer over 12 in a year. Annual service charge of \$50 for account balances below \$100,000.

Please visit www.ABCPlanglossary.com for a glossary of investment terms relevant to the investment options under this plan. This glossary is intended to help you better understand your options.

¹ For current ratings information and a more complete analysis of the financial strength of Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut, please go to www.metlife.com and click on "About MetLife," "Ratings."

² LIMRA Not-For-Profit Report, Q1 2011.

³ As of March 31, 2011.

⁴ This is 60 (sixty) days after the April 1, 2012 effective date of the fiduciary-level fee disclosure interim final rule.

⁵ Securities and Exchange Commission Forms N-1A or N-3, as appropriate.

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