

Department of Labor Provides Relief from Diversification Notice Requirements for Plans with Existing Diversification Options

December 28, 2006

The Department of Labor (DOL) has released year-end guidance on compliance with the notification of diversification right provisions added by the Pension Protection Act of 2006 (PPA). This guidance, issued in Field Assistance Bulletin (FAB) 2006-3, provides many plans relief from the January 1 deadline for providing notice of diversification rights, as addressed by the IRS in Notice 2006-107. FAB 2006-3 also provides guidance on good faith compliance with the content of quarterly benefit statements for individually directed plans and provides relief on the timing of the PPA required benefit statements.

FAB 2006-3 announced that for individual account plans that already permit participants to diversify employer stock investments into at least three other investment options, the annual diversification notice requirement of ERISA section 101(m) will be deemed to be satisfied by providing the quarterly benefit statements. Such plans will not need to issue the stand-alone statement of diversification rights described in Notice 2006-107.

Attorney advertising. Published as a source of information only. The material contained herein is not to be construed as legal advice or opinion.

©2026 Katten Muchin Rosenman LLP.

All rights reserved. Katten refers to Katten Muchin Rosenman LLP and the affiliated partnership as explained at [katten.com/disclaimer](https://www.katten.com/disclaimer).