

March 15, 2012

NEW FEE DISCLOSURE REGULATIONS

The Department of Labor (DOL) has issued new fee disclosure regulations. The regulations require most service providers of retirement plans subject to ERISA (i.e., profit sharing, 401(k), and 403(b) plans), to provide written disclosure of their services, fiduciary status, and total received compensation.

Plan Fee Disclosure Regulation – Section 408(b)(2):

Compliance date: July 1, 2012

Regulation 408(b)(2) requires that entities identified as “Covered Service Providers” make significant changes to their disclosure statements. The changes will assist plan fiduciaries and administrators in obtaining information to satisfy their reporting and disclosure obligations, and to assess whether the total compensation paid for services is reasonable.

Mutual funds do not fall under the definition of Covered Service Providers and are not obligated by this new regulation. However, both Federated Investors Trust Company and Federated Investment Counseling have been identified as Covered Service Providers for Capital Preservation Fund, a Federated collective investment fund. As a result, Federated will make all required disclosure information available as required. Updates to the Capital Preservation Fund disclosure information will be made available at FederatedInvestors.com in advance of the Regulation’s July 1, 2012, effective date.

Participant Fee Disclosure Regulation - Section 404(a)(5):

Compliance date: For calendar year plans, the initial disclosure of plan and investment information must be provided by August 30, 2012. The first quarterly statement is required by November 14, 2012.

Regulation 404(a)(5) requires the disclosure of certain plan and investment-related information, including expense and fee information, to participants in participant-directed individual account plans, such as 401(k) plans, and other ERISA covered plans. Recordkeepers, or other service providers to the plan that prepare participant statements on behalf of the plan, are directly impacted by this Regulation. To ensure that these providers have sufficient information to meet the Regulation’s compliance requirements, Federated will make all required mutual fund and collective fund disclosure information, fund regulatory documents, and fund fact sheets accessible at FederatedInvestors.com.

Federated is currently making the necessary updates to the fund disclosure information and will notify our clients when the documents are available.

If you have any questions, please contact your Federated Client Service Team.

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