



***O'Meara Financial Group Cautions Corporations about
New Ruling Which Allows Employees to Sue Employers over
Lost 401(k) Plans;
Assures Companies They Can Take Protective Measures
To Minimize Liability***

Red Bank, NJ—A recent court ruling in Texas allowed an employee to sue an employer over losses in their 401(k) plan. This ruling, a legal first, opens the way for future lawsuits against companies by their employees.

To minimize fiduciary liability regarding their corporate retirement plans, there are several actions companies can take to put a protection plan in place. The first step is to buy fiduciary liability insurance, if the company isn't documenting and performing ongoing investment monitoring for the plan. The premiums for the fiduciary insurance are generally not too high, and are worth the cost of protection in the event of a lawsuit.

Number two is to have a professional in the retirement plan industry draft an investment policy statement for the company's retirement programs. This is an essential step in ensuring that the investment options in the plan will meet certain criteria, and that they will be monitored on a regular basis. The Center for Fiduciary Studies is a good source for individuals who are skilled in this area.

The third step is to ensure that investment options in the plan are monitored and if they do not meet or beat these criteria they are replaced. In general, trustees and fiduciaries of the plan need to make sure that the investment options are meeting the required criteria, and that the choices are prudent for the plan participants. Without this type of process in place, a company is more susceptible to litigation and law suits.

Communication with employees is extremely important. The fourth step is to make sure a knowledgeable person is available to explain the company's programs to the employees, ensure that employees know how the plan works, and to inform them that there are individuals who can help them select the most appropriate investment options.

Finally, companies must make sure their fees are in line with other organizations. Many companies do not conduct a regular review of their fees, and don't always have a full understanding of what they are paying for their plans. One of the greatest obstacles to plan review is the lack of time or knowledgeable employees. However, it is critical to make sure the company has the right people on their team to provide these all-important services

Newly passed legislation focuses on companies examining plan fees and providing a process for this and investment monitoring, so it is essential for companies to review and document their procedures. Without these steps in place, a company may be bringing on unexpected liabilities.

The O'Meara Financial Group specializes in working with corporations to create and maintain Company Retirement Plans. The company also works with individuals, creating investment plans and providing wealth management.

In addition to providing financial guidance, the firm also offers free seminars throughout the year to help companies and individuals make the most effective and informed financial choices.