

RETIREMENT PLAN UPDATE

SPECIALIZING IN INVESTMENT MANAGEMENT AND FINANCIAL EDUCATION
FOR RETIREMENT, 401(K) AND PENSION PLAN SPONSORS JANUARY 2004

Retirement Plan Sponsors Aren't Getting the Attention They Deserve

According to Investment Advisor Magazine, a study by McHenry consulting found that only 5% of investment advisors are well versed in the Employee Retirement Securities Act (ERISA). They conclude that 95% of advisors out there in the market are not comfortable selling retirement plans. Often, companies pay thousands of dollars a year to vendors and advisors who do not actively help the fiduciaries or employees. It is not uncommon for a company to go for two years or more without a visit from their financial representatives. Lack of service is the complaint we hear most often from plan sponsors. Following are some responsibilities that we cover and ones that you should require from the advisors that you hire. This does not mean more work for you—it means that your vendors will start earning their pay.

- **Semi-Annual Group Employee Meetings:** Employees are confused about the economy and about their investment choices. Employees should get information from a financial professional at least twice a year.
- **Individual Employee Meetings:** Each employee invests differently. Assistance from an investment advisor helps employees make smarter financial decisions.
- **Investment Policy Statements (IPS):** Every plan should have a system for hiring and firing money managers, especially in the current climate. Your advisor can help you put an IPS in place, which can also reduce liability.
- **Semi-Annual Monitoring of Investment Options:** It isn't enough to review performance, your advisor should be going over fees, risk adjusted returns, returns vs. peers, returns vs. benchmarks, and manager tenure to name a few. Make sure that your funds are the best that you can offer your employees.

Make sure that you are getting quality service and proactive support from the advisors that you hire. You probably do not have to switch retirement plan vendors to get this type of support. If we can help, don't hesitate to call or visit our website at www.omearafinancial.com.

Best Regards,