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RETIREMENT PLAN UPDATE

SPECIALIZING IN INVESTMENT MANAGEMENT AND FINANCIAL EDUCATION
FOR RETIREMENT, 401(K) AND PENSION PLAN SPONSORS SPRING 2005

“If a vendor tells you that there is no fee for keeping your records, it means the vendor is making a lot of money somewhere else.” --HR Magazine, August 2004

Has your Plan Changed Since the Investment Scandal?

According to Plan Sponsor Magazine's eighth annual Defined Contribution Survey more than half of plan sponsors have not changed their plan since the investment trading scandal. 51% of those questioned said that they choose funds the same way as they did prior to the scandal, they have not updated or changed the investment policy statement and the process for monitoring investment options has not been updated. Respondents that made changes moved toward more information requests and heightened scrutiny rather than terminating relationships and directly enhancing their plans.

While it seems that most plans have embraced the status quo, the Department of Labor is working to improve the adequacy of fee disclosure reported on form 5500 and to “encourage” fiduciaries to take more active roles in their plans. The Department of Labor's Advisory Council released preliminary findings and concluded that many plan sponsors are unaware of the asset-based fees that they are paying. This may put them in violation of their fiduciary responsibilities under ERISA. According to a Hewitt Survey only 33% of plan sponsors have even attempted to calculate the cost of maintaining their retirement plan. To protect yourself take the following steps:

1. Know what the fees are
2. Document your process for analyzing the fees
3. Conclude whether the fees are reasonable
4. Monitor providers' fees going forward

If the O'Meara Financial Group can be of assistance in helping to calculate your fees, give us a call at 732-224-9900.
