

Raymond James 401(k) Monthly Newsletter

December 2010

Welcome to Fiduciary Insights, the monthly newsletter that keeps you in touch with issues, trends, events, and insights of significance to individuals connected with the retirement plan industry. The articles have been carefully selected from a variety of high quality sources.

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General Items

[DC Plan Transitions Grow More Complex](#)

Summary: DC plans are much bigger than they used to be, some have moved from mutual funds to more complex investments, investment managers are keeping a tighter hold on the governance reins, and expectations are such that most expect to be back up and running in just a few days. Place those requirements into a background of markets that frequently move a percent or more in a single trading session, and it is no surprise that sponsors are adding transition management to the conversion's critical path.

[How to Make the Most of Your 401k Plan](#)

Summary: Financial planners and retirement experts were asked what changes in 401k plans they applaud and what still needs to be fixed. Here's their take on what separates the stronger plans from the lemons and how to make the best of any plan.

[How Will Participants Respond to Fee Disclosure?](#)

Summary: With the Labor Department's publication of the interim final regulation on fee disclosures, there was also an acknowledgement of those still-pending regulations on participant fee disclosure. Plansponsor.com readers respond on how they think plan participants will respond/react to fee disclosure.

[The SPARK Institute Releases Data Standards for Lifetime Income Solutions in Retirement Plans](#)

Summary: The SPARK Institute released final information sharing standards and data records for lifetime income solutions that are used in retirement plans. These standards are designed to make it easier and more cost effective for recordkeepers and insurance carriers to make retirement income solutions available to plan participants.

[Making Retirement Savings Last](#)

Summary: With companies continuing to shift away from pensions toward 401ks, many CFOs no longer have to worry about a long stream of future obligations draining their corporate coffers. They may, however, find themselves with a new worry: retired employees draining their own coffers. So insurers and plan sponsors want the government to make it easier to offer annuities in 401k plans.

Fiduciary Items

[Deciding What Kind of 401k Fiduciary a Plan Sponsor Wants to Be](#)

Summary: It's important that employers consider their qualified plan fiduciary obligations carefully. Employers that choose to 'do it myself' have a high level of fiduciary responsibility for 401k investment option choices.

[Economic Pressure Forces More American Workers Out of Work-Based Retirement Plans](#)

Summary: New analysis by the nonpartisan Employee Benefit Research Institute shows the employment-based retirement system, while still critical to Americans' retirement income security, continues to feel the pressure of the recent economic downturn: The number of American workers participating in a retirement plan continued to decrease last year, adding to the trend that began with the recession of 2008 and reaching its lowest level in a decade.

Studies and Research

[Index Shows Americans Increasingly Concerned About Re-Building Retirement Accounts](#)

Summary: Sun Life Financial released the latest edition of its Unretirement Index, which reveals that more than 8 in 10 American workers believe they will need at least three years to rebuild their retirement savings as a result of the economic crisis -- up from 64% a year ago.

[Study Notes Employees Continue to Make Retirement Plan Mistakes](#)

Summary: Feeling the squeeze of the economic downturn, three out of four 401k participants (72 percent) are likely not on track to meet retirement goals based on their current 401k balance, plan contributions, and projected Social Security, according to a new report by Financial Engines.

[Study Finds Economy Takes Toll on Pre-Retirees and Their Retirement Dreams](#)

Summary: Research from The Hartford Financial Services Group has found that many older Americans who are approaching or who have passed the traditional retirement age of 65 are decidedly pessimistic about their short- and long-term financial future, especially as it relates to their wherewithal to retire.

[Court and Legislative Items](#)

[Bechtel Settles 401k Fee Case for \\$18.5M](#)

Summary: Engineering giant Bechtel has agreed to an \$18.5 million settlement of an excessive 401k fee suit. The agreement would end proceedings in a class-action case filed by two former Bechtel employees in California who alleged the company violated its ERISA fiduciary responsibilities by not using its size to get lower fees from vendors.

[New Law Allows In-Plan Rollovers to Designated Roth Accounts](#)

Summary: The Small Business Jobs Act of 2010 permits employers to amend their §401(k) or §403(b) plans to allow participants to transfer an eligible rollover distribution (ERD) into their designated Roth account in the plan.

[State Street Stock Drop Suit Gets Tossed](#)

Summary: A federal judge in Michigan has thrown out a fiduciary breach lawsuit against State Street Bank and Trust filed by General Motors 401k participants over company stock-related losses.

Commentary and Opinion

[Can We Fix the Retirement System?](#)

Summary: Retirement USA has laid out what it calls "Principles for a New Retirement System." These guideposts include universal retirement coverage—in other words, every worker should have a retirement plan. Another principle is that workers should be able to count on a steady stream of lifetime income to supplement Social Security.

[What's Wrong With the 401k](#)

Summary: Over the last year, there have been lots of people complaining about the 401k. Academics and policy makers lament the fact that the 401k isn't providing people with the foundation for a secure retirement. Well, it's true people aren't prepared for retirement, but the 401k has nothing to do with it.

Regulatory Items

[Labor Department Proposes New Adviser Rules](#)

Summary: The Department of Labor says it wants to expand the number of consultants and advisers it can hold legally responsible for the advice they give retirement plan providers. Proposed new rules would impose stricter regulations on consultants, advisers and appraisers who offer investment related advice to companies that provide 401k plans to workers.

[IRS Describes New In-Plan Roth Rollover Rules](#)

Summary: Under the new law, employers may amend their 401k or 403(b) plans to allow participants to transfer an eligible rollover distribution into their designated Roth account in the plan.

[Fact Sheet on Final DOL Fee and Expense Disclosure Rule](#)

Summary: This is the DOL's fact sheet on their final 401k fee and expense disclosure rule which will apply to plans with a plan year beginning on or after November 1, 2011.

[SEC and DOL Convergence: Are You Ready?](#)

Summary: Employee benefits law and securities law have always run parallel on some issues, but we are now experiencing an unprecedented convergence of SEC and DOL regulation. These regulatory agencies have undertaken major initiatives with regard to fiduciary activity, plan investments, compensation, sales practices, and disclosure of services, compensation, and conflicts. This article highlights several of the more immediate securities law changes to consider.

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