

April 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

Restored 401k Matches Point to An Economic Thaw

Summary: A new report says many companies are planning to restore the 401k match they halted or reduced when the economy got bad, and that may be a solid sign that things might be turning around for the economy. Located at: Washington Post.

[Click here to read article](#)

Six Ways Employers Will Change 401ks in 2010

Summary: Employers plan to get more involved in their 401k plans in 2010. The trend of employers automatically signing their workers up for retirement accounts is expected to continue this year. Many companies will also attempt to steer their employees into more appropriate investments, according to a new survey by Hewitt Associates. Located at: U.S. News & World Report.

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The Keys to a Secure Retirement

Summary: What has the greatest impact on your retirement readiness? Despite all the attention paid lately to fee-gouging by 401k providers, fees have a small effect on how much money most workers will have in retirement. Located at: Forbes.

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DB Plans Outperform DC Plans

Summary: Defined benefit plans fared slightly better than defined contribution plans as the economy began its decline two years ago, underscoring the importance of rebalancing 401k accounts. Located at: Employee Benefit News (free registration may be required).

[Click here to read article](#)

Hardship Distributions: Lost Retirement Savings or Safety Valve for Employees?

Summary: Hardship distribution provisions in 401k plans used to be one of those matters on which plan sponsors didn't spend a whole lot of time. But because of the economy, that's not the case anymore. As a result, two points of view about hardship distributions have evolved. Located at: Employee Benefit News (free registration may be required).

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401ks for Solo Businesses

Summary: One-person companies can have the same type of retirement plan common at large corporate employers. And Roth 401ks are an option, too. Located at: Wall Street Journal.

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Obama Administration Unveils Retirement Security Initiatives

Summary: After a year of meetings held all over the country, President Obama's Task Force on the Middle Class gave a preview of elements of their upcoming recommendations. Here we an overview those covered in the retirement security section of the report. Located at: 401khelpcenter.com.

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Participants Using 401k Help Offered Through Their Employer Have Higher Returns

Summary: 401k plan participants using professional investment help provided by their employer—such as target date funds, managed accounts and online advice—experience better returns on their retirement investments than those who do not, according to a joint study from Hewitt Associates and Financial Engines. Located at: 401khelpcenter.com.

[Click here to read article](#)

Customize Your Plan Document

Summary: While small companies may need to use pre-approved documents because of cost considerations, mid-size and larger companies should consider drafting documents to meet their needs. This article describes three items to consider. Located at: Reish & Reicher PC.

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Fiduciary Issues

Prudence Involves More Than Conduct

Summary: Prudence seems like an old-fashioned word with a stodgy connotation, but for fiduciaries, it is a timeless concept with significant implications. Located at: Investmentnews.com (free registration may be required).

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403(b) Plan Items

2010 403(b) Plan Buyer's Guide

Summary: Since their 2007 passage, the new Internal Revenue Service regulations have created a tidal wave of change as 403(b) plan sponsors, many of which traditionally have been required to play a very limited role in plan administration oversight, have begun to address ways in which to simplify plan administration, control costs, and improve their plans for participants. Add to those shifts the aftereffects of last year's market downturn, and even sponsors of actively engaged and well-governed 403(b) plans have been forced to reconsider their current vendor configurations. Located at: Plansponsor.com.

[Click here to read article](#)

403(b) Plans and ERISA Audit Requirements

Summary: This article is the first in a series covering issues facing 403(b) plan sponsors. This one deals with ERISA audits. Located at: ERISAdiagnostics.com (PDF File).

[Click here to read article](#)

Research

Fidelity Reports Average 401k Balance Increases 28 Percent in 2009

Summary: Fidelity Investments released 401k highlights from the fourth quarter of 2009 as well as for the full year that showed significantly higher balances with many participants recouping much of their losses from 2008. Located at: Fidelity.

[Click here to read article](#)

Inertia, Anxiety Still Rule the Day for 401k Participants

Summary: More than two-thirds of 401k plan participants (68%) have not made any savings or investment changes to their accounts in response to the financial crisis, choosing instead to "ride it out," a new study has found. Located at: Employee Benefit News (free registration may be required).

[Click hear to read article](#)

Survey Reveals Most Companies Planning to Restore 401k Match in 2010

Summary: Many U.S. employers are increasingly losing confidence in their workers' ability to save for retirement and, as a result, plan to step up their efforts this year to help workers maximize their 401k savings, according to a new survey by Hewitt Associates. Located at: 401khelpcenter.com.

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Commentary

ICI President Calls 401k System a Source of Great Strength

Summary: Keynote Address of Paul Stevens, President and CEO of the Investment Company Institute, before the National Investment Company Service Association. Stevens' notes that there are some people in public office, academia and the media who seized on the market decline of 2008 to call for dismantling defined contribution plans, for retiring the 401k system and replacing it with new government guarantees. "That would be a profound mistake." Located at: Investment Company Institute.

[Click here to read article](#)

Court and Legislative Items

Hartford Agrees to \$13.8M Revenue-Sharing Case Settlement

Summary: The Hartford Life Insurance Co. will pay \$13.8 million to settle a four-year-old fiduciary breach suit over revenue-sharing payments from mutual fund companies. Located at: Planadviser.com.

[Click here to read article](#)

Washington, D.C. Update: The Feds Have a Full Agenda

Summary: The purpose of this article is to bring you up to date concerning regulatory and legislative developments in Washington, D.C. Located at: Reish & Reicher.

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Kraft Excessive Fee Case Thrown Out

Summary: A federal judge in Illinois has turned away allegations by 401k participants at Kraft Foods Global that recordkeeping fees paid to Hewitt Associates were too high and the company stock fund was improperly unitized. Located at: Plansponsor.com.

[Click here to read article](#)

DOL, IRS and SEC Items

Sponsors Should Start Getting Ready Now For New Form 5500

Summary: There is a lot of information that plan sponsors have to gather, and they need to make sure they understand all the potential sources of information coming to them. Folks should not underestimate the potential amount of time they will need to devote to this, and the potential headaches it will create. Located at: Plansponsor.com.

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DOL Probes Plan Administrator for ERISA Violations

Summary: The Labor Department is investigating Geller Group LLC for failing to disclose alleged ties to an accounting firm it recommended as an auditor, according to former employees and others close to the investigation. Located at: Investmentnews.com (free registration may be required).

[Click here to read article](#)

DOL Final Rule on Definition of Plan Assets – Participant Contributions

Summary: On January 14, 2010, the DOL published a final rule that establishes a safe harbor period by which amounts that a small employer has received from participants or withheld from wages for contribution to certain pension plans and welfare benefit plans will become plan assets for purposes of Title I of the ERISA and the related prohibited transaction provisions of the Internal Revenue Code of 1986, as amended. Located at: Transamerica Center for Retirement Studies (PDF File).

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Investors should consider the investment objectives, risks, and charges and expenses of balanced funds, target date funds, lifestyle/lifecycle funds, and exchange traded funds carefully before investing. The prospectus contains this and other information about these investments. The prospectus is available from your financial advisor or fund company and should be read carefully before investing.

Please consult a financial, tax or legal professional for further information related to any of these articles.