



B E N E F I T S B R I E F

April 2005

Multnomah Group to Speak on Hidden Retirement Plan Fees ... Again

The Multnomah Group will be speaking at the [Western Pension & Benefits Conference 2005 Portland Spring Seminar](#) on understanding and assessing retirement plan fees. The April 20th conference will take place at the Oregon Convention Center and will cover a number of issues important to benefit plan sponsors. Interested parties can [register](#) at the Western Pension and Benefit website.

The Employee Benefits Security Administration Launches Web Page for the Bush Administration's Pension Reform Proposal

The new [site](#) will serve as a repository for all activities relating to pension reform, according to a release from the agency. The Bush Administration in mid-January released a long-awaited set of reforms to the defined benefit private-sector pension plan system including stepped up pension insurance funding and simplified plan funding target rules.

For All the Bluster, Fundamental Pension Reform Perceived Unlikely

Retirement plan legislation, including Social Security reform, have been discussed and debated at great length. Some of the proposals have sought large scale reform of public and private retirement plan structures that have been in place for years. Despite the large scale discussions, few think tomorrow will look significantly different than today. [Click here for an article from PLANSPONSOR.com.](#)

Employer Stock in Plans Highlight the Need for Fiduciary Best Practices

Employers with both publicly traded and privately held stock have embraced the concept of having employer stock as an investment option in their qualified retirement plans. The benefits of doing so are many and in some organizations they provide the only opportunity for employees to participate in the success of their employer. However, a spate of new lawsuits is calling sponsors to question how they can manage the fiduciary risks and recognize the benefits of their employer stock investments. This article by Fred Reish provides some good suggestions on the monitoring of employer stock. [Click here for the article in PLANSPONSOR magazine.](#)

Participant Recordkeeping in Defined Contribution Plans Continues to Get Harder

The debate on short-term redemptions continues to rage and without regulatory guidance each mutual fund complex and their affiliated transfer agents have independently implemented trading and redemption requirements to discourage short-term traders. In retirement plans that hold securities collectively on behalf of participants it leaves the implementation of these policies to the recordkeepers. At this point many market recordkeeping systems lack the complexity to track and flag prohibited trading activity at the participant level. As a result some sponsors are being required to alter their investment arrays and eliminate funds with short-term or round-trip trading restrictions. All plans sponsors with multiple managers in their retirement plans should inquire with their recordkeeping organization as to their ability to track differing trading restrictions and whether anticipated changes may affect their investment menu.

Conflicts of Interest Within the Pension Consulting Industry Still a Primary Problem

Pension consulting conflicts of interest are continuing to erode employer trust. Whether by directing explicit payments for placing retirement plan dollars or by overlooking poor performance from managers that direct other business to the consulting firm, plans and participants are being harmed. [Click here for an article in Bloomberg on conflicts within the pension consulting industry.](#)

Passive vs. Active

We have long argued that for fiduciaries generating investment menus for their retirement plans, they should start with passive strategies as the default and selectively examine each class to determine if they believe that they can reliably generate performance above the passive through active management. To support this type of analysis, we developed a proprietary investment tool to isolate and measure the causes of active management performance (security selection and market timing). This article examines the benefits of passive strategies in complying with the Prudent Investor Act. [Click here for an article from W. Scott Simon of Morningstar on evaluating the passive vs. active debate.](#)

[The Multnomah Group](#) is the region's leading provider of comprehensive qualified plan management solutions and investment consulting to businesses in the Pacific Northwest. To subscribe to this newsletter please email us at newsletter@multnomahgroup.com To unsubscribe to this newsletter please reply to this email with UNSUBSCRIBE as the subject.