

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

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Monitoring of Fees Increasingly Important

The Employee Benefit Security Administration (EBSA), which is the enforcement arm of the Department of Labor, has increased their focus on the fees paid by plan sponsors from plan assets. These audits are seeking to determine whether the plan's trustees have been:

- Diligent in selecting and monitoring the plan's investment fund providers and ascertaining the reasonableness of the underlying fees; and
- Properly documenting the foregoing evaluation process

Given the numerous places fees can be hidden, obtaining appropriate comparisons to evaluate reasonableness can be difficult. [Click here for 9 questions every plan sponsor should ask.](#)

Management of Risk as Important as Return in Defined Benefit Plans

The Multnomah Group recently authored a white paper on the importance of risk management for the sponsors of defined benefit plans. Focus on returns exclusively fails to appreciate the significant burdens on plan sponsors that are created through the variability of returns in many portfolio allocations. [Click here to download our paper.](#)

How to Improve Your Investment Committee

You have been told time and again that having an investment committee to participate in the management of your retirement plan is both prudent and wise. However, often making the investment committee work and contribute to the success of the plan can be difficult. [Click here for an article from Vanguard on how to improve the efficacy of your investment committee.](#)

Returns-Based Style Analysis: The Preferred Methodology

Far too many plan sponsors and investment committees have come to accept the Morningstar style boxes and the assignment of a fund to a Morningstar asset class as gospel. While their methodology has been helpful in getting investors to think about exposure to asset classes it offers a very simplistic view of the investment world. The Multnomah Group recently authored a white paper on an alternative methodology that provides plan sponsors with significantly greater transparency of fund's regarding their exposure to asset classes and the associated risks involved with that exposure. [Click here to download our paper.](#)

Financial Service Firms Continue to Exit Retirement Plan Business

Since May 2003 14 financial service firms have exited the recordkeeping business. These exits continue the trend of recordkeeping being dominated by a small number of firms with the scale necessary to be successful and to continue to reinvest in technology. [Click here for a list of the primary exit and outsourcing agreements in recordkeeping.](#)



Fidelity to Discontinue Use of Soft-Dollars for Research

As of July 1, Boston-based Fidelity will stop paying extra sums in brokerage commissions to gain access to market data from information providers; the Wall Street Journal is reporting citing company executives. Instead, Fidelity said the firm would buy such services directly, paying cash rather than wrapping the cost of these services into other commission structures.

Putting a price tag on it, Eric Roiter, general counsel of Fidelity's investment-management arm, told the Journal the decision to pay directly for market data is expected to cost Fidelity \$40 million to \$50 million this year. Fidelity said its stock mutual funds last year paid \$815 million in commissions, of which it estimates about \$160 million went for soft-dollar research and market data.

MULTNOMAHGROUP.COM

The Multnomah Group recently launched its website www.MultnomahGroup.com to support clients and plan sponsors in researching critical topics affecting their employee benefit plans. This site contains both a calendar of upcoming events as well as an archive of our Benefit Briefs. We hope you find it of value.

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.