Multnomah GROUP

BENEFITS BRIEF
February 2004

Mitigating Your Fiduciary Risks

Due to an aging Baby Boom population whose retirement plan accounts fall dramatically short of their expectations as well as an increasingly litigious climate, the potential number of lawsuits involving retirement plans and their fiduciaries will grow dramatically in the coming years. Click here for a few simple steps to follow as a prudent fiduciary.

Fiduciary Review Seminar

The Multnomah Group is sponsoring a Fiduciary Review Seminar entitled:
The Impact of the Mutual Fund Scandals on Retirement Plan Sponsors

Date: Tuesday, February 24, 2004
Time: 7:30 to 9:00 am
Location: The University Club, 1225 SW Sixth Avenue, Portland

RSVP by February 10th. Info@MultnomahGroup.com or for more information contact Erik Daley, Principal at (503) 772-0159

Retirement Plans as a Part of Total Compensation

While the concept of total compensation has been around for some time, very few organizations have developed a cohesive total compensation philosophy. However, it is significantly easier for management to analyze and benchmark the benefits they offer as well as the priorities of employees if they look at compensation as a whole. Qualified retirement plans offer a number of alternatives to target compensation that matches the needs and wants of your employee base. Click here for more information about alternative qualified retirement plan options and how they fit into a total compensation system.

Plan Benchmarking Survey

As a step toward helping Pacific Northwest businesses implement a total compensation program, the Multnomah Group is conducting a survey of retirement plan benefits. This survey can be used by companies to benchmark and analyze their retirement plan against other employers in the region. Responses will remain confidential and you will receive a copy of the results and analysis once the survey has been completed. Click here to participate.

High Turnover Leads to Increased Costs

A recent study by professors from the University of Florida and Wake Forest University shows that mutual funds with higher turnover incur higher trading costs. These trading costs are not fully disclosed in the expense ratio and can increase fees substantially for mutual fund shareholders. As a result, funds with higher turnover have to achieve better performance than their peers in order to generate equivalent returns. Click here to learn more.

Bundled vs. Unbundled: Which is Best for You?

There is a battle brewing in the retirement services industry for the hearts, minds, (and dollars) of retirement plan sponsors. On one side are the large bundled vendors providing low cost, highly commoditized service packaged together for one-stop shopping. On the other side are the independent third-party administrators/recordkeepers providing highly customized solutions that come with an equivalent price tag. Who is going to win? And which solution is best for you? Click here to decide.

Technology Continues to Improve

Celent, a top research firm, estimates that the top 50 401(k) providers spent $132.5 million on technology in 2003. Of that amount, about two-thirds were spent on enhancements to existing features. Click here to compare the technology currently available to your plan versus what is available to others in the region.

IRS Provides Guidance on the Allocation of Fees to Terminated Participants

The Internal Revenue Service (IRS) has provided guidance to plan sponsors with regard to the fees charged a former employees account for plan expenses. These fees may potentially be assessed at a rate different than those charged against active employee accounts. The IRS, in Revenue Ruling 2004-10, lays the groundwork for plan sponsors to charge plan administration fees for former employees on a pro rata or another reasonable basis. To arrive at this conclusion, the agency looked outside of the defined contribution space, particularly at Individual Retirement Accounts (IRAs), and found analogous fees were being charged without detriment to the participant. Click here for a copy of the IRS Revenue Ruling.

The Multnomah Group is the region's leading provider of comprehensive qualified plan management solutions and investment consulting to businesses in the Pacific Northwest.
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