



September Retirement Report 2010

What Constitutes Proper Documentation of 401(k) Committee Meetings?

With most 401(k) plans the fiduciary responsibility of selecting and monitoring the plan's menu of investments is designated to a 401(k) investment committee. This committee usually includes financial officers and human resources officers of the employer. The committee meets periodically (anywhere from annually to quarterly) to consider agenda items including investment due diligence, fees and services of plan vendors, status of plan goals, etc.

From a fiduciary perspective it is just as important to properly document these meetings as it is to hold the meetings. Proper documentation serves as proof that the committee's responsibilities are being prudently executed. Often plans question the degree of documentation necessary. Below are a few suggestions of what the 401(k) investment committee meeting minutes should include:

- A listing of all parties present with identification of roles (committee member, guest, advisor, vendor representative, attorney, accountant, etc.);
- A description of all issues considered at the meeting: fund performance of investments offered, participant communication/education initiatives, plan demographic and provisional review, investment policy statement review, market summary, and other topics as appropriate to achieving and maintaining a successful plan;
- Documentation of all materials reviewed during the meeting;
- Documentation of all decisions made and the analysis and logic supporting each decision; and
- Identification of any topics to be continued in subsequent meetings.

For those topics which are relevant to services provided by your consultant, complete documentation will be included in the Executive Summary which we provide after each meeting.

The Nation Celebrates 401(k) Day

Over the last 10 years, a period some suggest is a lost decade for investors, the employer-sponsored defined contribution system has helped American workers set aside an enormous amount for their retirement. In 2000 there was approximately \$2.4 trillion dollars in private employer defined contribution plans. By the end of 2009 that amount grew to \$3.4 trillion. During this period over \$2 trillion was distributed from these plans, most of which was rolled over into IRAs. In 2000 the total assets in all employer-sponsored defined contribution plans and individual IRAs was approximately \$5.6 trillion. At the end of what some are calling a lost decade these programs held \$8.3 trillion. This is enough to buy 41,500,000 homes worth \$200,000. (source: PSCA.org)

Despite negative comments about 401(k) and other employer sponsored plans, the reality is that they are helping millions of Americans enjoy retirement benefits today – and future generations who are investing in their company's plans. **National 401(k) Day**, hosted by the Profit Sharing Council of America (PSCA), was celebrated on Friday, September 10 this year. We should all tip our hats to a proven retirement program that has stood the test of time and continues to be one of the most effective ways for individuals to save for retirement. Even if you missed 401(k) Day this year, you can host your own 401(k) Day and make every day 401(k) Day. Visit www.401kday.org to download free participant and sponsor tools, calculators, campaigns and much more. This year's theme: "Taking You There."

Communication Corner: "Taking You There"

Piggy-backing on PSCA's national 401(k) Day celebration, this month's sample employee memo is from the 401(k) Day website (401kday.org) which contains many complementary campaigns in both English and Spanish. The flyer here reminds participants to enroll in the plan, and take control of their savings.

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