

THE IDEAL 401(K) PLATFORM WITH INVESTMENT OPTIONS

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People frequently ask us what constitutes the ideal 401(k) platform if offering investment options. We feel it would include most, if not all, of the following:

- 1) It should offer funds from a number of mutual fund families, instead of limiting the menu to a single family, or requiring that a majority of the funds offered to participants must come from one family.
- 2) Participants should have access to their account balances through both the Internet and a toll-free telephone number.
- 3) Offering publicly-traded funds allows independent verification of the ranking of the underlying funds, as well as offering participants the comfort of well known fund names.
- 4) The fund categories should cover most of the various fund styles --- allowing participants to have the best diversification.
- 5) There should be no back-end loads. This allows the employer to easily change vendors later if it is unsatisfied with fund performance or service.
- 6) If the plan offers participant loans, these should be reflected on the participant statements.
- 7) The quarterly statements should show the participant the vested portion of his balance.
- 8) The investment advisor should be able to help with 404(c) compliance.
- 9) The vendor's services should rank high on national surveys.
- 10) The participant materials and website should help the participant answer two major questions:
 - a) How much should I be saving?
 - b) What is an appropriate asset allocation?
- 11) There should be good investment education materials, including a way to accommodate the participant who needs a simplified approach to asset allocation --- preferably through lifecycle funds or target maturity funds.
- 12) The investment advisor should offer the employer the option of appointing an institutional trustee, as well as an independent fiduciary to choose the funds offered to participants, instead of requiring that the employer be the *sole* fiduciary making these decisions.
- 13) Not only should the menu of funds offered by the vendor *include* above average five-year track records, but the overall track record of the *entire* menu of funds should be above average.
- 14) The platform should offer online investment advice for the participant who is willing to input other personal assets for more in-depth advice.