



VOLUME 4 - NUMBER 4

- ◆ “Take Me Out to the Ball Game”
- ◆ Survey Says: Participants Optimistic About Recovery
- ◆ The Six Categories of Fiduciaries



“Take Me Out to the Ball Game”

With the start of the baseball season upon us, there is no better time to draw a comparison between the job of a general manager and manager of a baseball team to that of the members of an investment committee and its advisor. After all, both entities are working to create a lineup that puts their team in the best possible position to succeed.

For a baseball team, that means finding players who: (a) play specific positions, (b) stay in their assigned positions, (c) play those specifically assigned positions well, regardless of how well or poorly the team is playing, (d) don't take excessive chances in playing their roles and (e) play those positions better than others who play the same position. In addition, it's important that each player has accomplished these goals fairly consistently over a long period of time. And as a general manager, you want to be paying these players a “reasonable” salary and you want them to be of good character, e.g., they are not a distraction in the clubhouse, don't use drugs to enhance performance and generally stay out of trouble both on and off the field.

These ballplayers are analogous to money managers in a retirement plan. The advisor and investment committee seek money managers who manage to a specific style, stay true to that style, perform well in both positive and negative markets, assume reasonable risk and meet all these goals better than their peers. It's also important that each manager has

done so fairly consistently over a long period of time while charging a “reasonable” fee, and does it without noise, i.e., there's nothing that might prevent the manager from managing the fund in the most efficient manner. Regardless of the provider or platform your plan uses, there should be sufficient opportunity to put together a great lineup that serves your participants well for a long time. So let's get that team on the field and get ready to “play ball!”

Survey Says: Participants Optimistic About Recovery

Exploring and identifying participant behavior is important for any plan fiduciary to better tailor communication efforts. A recent study conducted by MassMutual (of more than 1,000 participants between Nov. 15, 2009, and Jan. 15, 2010) found:

- » 75.8 percent of participants surveyed were optimistic about the stock market, believing that performance will improve in the next 12 months compared to only 7.6 percent who think it will decline.
- » Overall 70.9 percent of participants enjoy learning about investments compared to 8.2 percent who do not.
- » 72.9 percent of participants believe they need to save more for retirement.
- » In terms of approach to retirement planning in the current economy, 40.3 percent reported becoming more



conservative, 32.9 percent became more aggressive and 26.8 percent have not changed their approach.

- » Being able to retire was the greatest concern among participants at 37.3 percent, compared to health care costs, job security and managing debt.

The Six Categories of Fiduciaries

A plan may have one or more fiduciaries. Each of the fiduciaries may have different responsibilities and many individuals/committees serve in multiple fiduciary roles. Here is a simplified list, along with brief definitions, of each category of fiduciary:

- » **Named Fiduciary.** This party should be named in the Plan Document and is considered the plan's primary decision-maker. This fiduciary may be either an employee of the sponsor, or an independent party, that, absent delegation otherwise, has the duty to control, manage and administer the plan. Every plan must have a named fiduciary. It is not uncommon for the named fiduciary to also serve as plan administrator and trustee for a plan.
- » **Plan Administrator.** Not to be confused with pension administrator or a hired third-party administrator, this fiduciary is responsible for the plan's government filings, making required disclosures to participants, hiring service providers, and fulfilling other responsibilities set forth in the Plan Document.

» **Trustee.** The person(s) recognized as having exclusive authority and discretion over the management and control of plan assets.

» **Investment Manager.** A fiduciary with full discretionary powers for selecting, monitoring and replacing plan investment options, as defined by ERISA section 3(38).

» **Investment Advisor.** A limited scope ERISA 3(21) advisor who does not have explicit discretionary control over plan assets, but may exercise a certain level of influence over the operation of the plan by way of providing investment advice/monitoring services. This fiduciary must still meet the fiduciary standards set forth in ERISA.

» **Other Fiduciaries.** Other individuals, including members of various plan-related committees appointed by the named fiduciary, as well as others whose actions may dictate fiduciary status, may fall within the definitions of fiduciary under ERISA. Thus it is important to not only monitor those individuals who are explicitly named as fiduciaries in writing, but also those that have a high likelihood of undertaking fiduciary actions on behalf of the plan.

In all cases, the plan sponsor retains the authority to remove and replace any fiduciary, even if he/she has delegated day-to-day responsibilities to others. As a result, the sponsor/named fiduciary retains the responsibility to monitor any persons to which he/she has delegated responsibilities on an ongoing basis.

This material was created by National Financial Partners Corp., (NFP), its subsidiaries, or affiliates for distribution by their Registered Representatives, Investment Advisor Representatives, and/or Agents. This material was created to provide accurate and reliable information on the subjects covered. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. Neither NFP Securities, Inc. nor NFP Benefits offer legal or tax services.

Securities offered through Registered Representatives of NFP Securities, Inc., a Broker/Dealer and Member FINRA/SIPC. Investment Advisory Services offered through Investment Advisory Representatives of NFP Securities, Inc. a Federally Registered Investment Adviser. NFP Benefits Partners is a division of NFP Insurance Services, Inc., which is a subsidiary of National Financial Partners Corp, the parent company of NFP Securities, Inc. NFP Securities, Inc. is not affiliated with any other entities listed on this document.

Not all of the individuals using this material are registered to offer Securities or Investment Advisory services through NFP Securities, Inc.

BE GREATER.



BENEFITS



GRIZZAFFI DARBY
BEYOND BENEFITS