

NEWS RELEASE



American Society of Pension Professionals & Actuaries / Council of Independent 401(k) Recordkeepers /
National Association of Independent Retirement Plan Advisors

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ASPPA, CIKR, & NAIRPA Champion 401(k) Fee Disclosure, Independent Financial Advice Legislation

Washington – The American Society of Pension Professionals & Actuaries (ASPPA), the Council of Independent Recordkeepers (CIKR), and the National Association of Independent Retirement Plan Advisors (NAIRPA) put their full support behind legislation introduced in Congress today that would require 401(k) plan service providers to disclose all fees and expenses charged to 401(k) plans and plan participants. [In testimony](#) before the House Committee on Education and Labor [Subcommittee on Health, Employment, Labor, and Pensions](#), Julian Onorato said that both plan sponsors and plan participants in 401(k) plans should have clear, uniform, and useful information about fees they are paying to make informed decisions about how to invest their retirement savings plan contributions.

“There is no such thing as a ‘free’ 401(k) plan. In reality, the costs of plan services are being shifted to participants through the investment management fees charged on the proprietary investment alternatives, in many cases without their knowledge,” Onorato said. “Uniform fee disclosure is the only way business owners can effectively evaluate retirement plans and choose the one they will offer their employees. By itemizing plan fees into three simple categories – investment management, record keeping and administration, and selling costs and advisory fees – we believe business owners will have the information they will need to satisfy their duties under the ERISA law,” Onorato explained. He said that plan participants also are entitled to know what fees are being deducted from the money they have contributed.

Onorato also told subcommittee members with the growth of 401(k) plans the need for investment advice to participants and beneficiaries of retirement plans has become increasingly apparent. “The majority of Americans are not experts in how to appropriately invest their retirement savings. We believe that working Americans are best served by independent investment advice provided by qualified advisers, who do not have conflicts in the cases where the adviser has a financial interest in which investment choices to recommend,” he explained.

Representing the unbundled plan providers, [Julian Onorato](#) is chief executive officer of ExpertPlan, Inc., a provider of 401(k) plan services to small businesses, based in East Windsor, NJ. He said the three organizations, ASPPA, CIKR, and NAIRPA, fully support two pieces of legislation - one by U.S. Rep. Robert Andrews (D-NJ), who chairs the subcommittee, to promote the provision of independent advice to plans and participants to avoid conflicts between financial advice and financial interest of the advisor. The other bill, authored by U.S. Rep. George Miller (D-CA), who chairs the full committee, is a re-introduced measure from the last Congress. The Miller legislation provides what Onorato called “much-needed light on 401(k) fees charged to millions of Americans.”

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ASPPA is a national organization of more than 6,500 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines including consultants, administrators, actuaries, accountants and attorneys. The large and broad-based ASPPA membership gives it unusual insight into current practical problems with the Employee Retirement Income Security Act and qualified retirement plans with a particular focus on the issues faced by small- to medium-sized employers. ASPPA membership is diverse and united by a common dedication to the private retirement plan system.

CIKR is a national organization of 401(k) plan service providers. CIKR members are unique in that they are primarily in the business of providing retirement plan services as compared to financial services companies who primarily are in the business of selling investments. The independent members of CIKR offer plan sponsors and participants offer a wide variety of investment options from various financial services companies without an inherent conflict-of-interest. By focusing their businesses on efficient retirement plan operations and innovative plan sponsor and participant services, CIKR members are a significant and important segment of the retirement plan service provider marketplace. Collectively, the members of CIKR provide services to approximately 68,000 plans covering 2.8 million participants and holding in excess of \$120 billion in assets.

NAIRPA is a national organization of firms not affiliated with financial services companies that provide independent investment advice to retirement plans and participants. NAIRPA members are registered investment advisors whose fees for investment advisory services do not vary with the investment options selected by the plan or participants. Additionally, NAIRPA members commit to disclosing expected fees in advance of an engagement, reporting fees annually thereafter, and agreeing to serve as a plan fiduciary to all plans for which it serves as a retirement plan advisor.

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