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management executive

July 28, 2008 | Volume 16 • Number 30 | www.mmexecutive.com | feedback-mme@sourcemediacom

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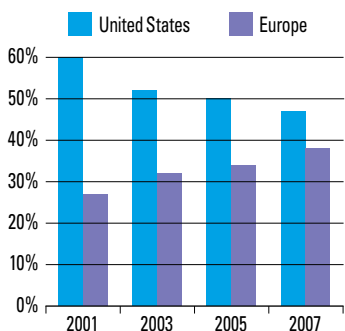
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European & U.S. Mutual Funds: Share of the Worldwide Market (Percentage of Assets)



Europe is slowing but steadily gaining on America's worldwide market share of mutual funds.

Source: Investment Company Institute, European Fund and Asset Management Association, Grail Partners

Fund Execs Defend 401(k) Fees

Execs Call Some Fees Extraneous, Others Advantageous

By John Morgan

BOSTON—Excessive fees in some 401(k) plans are hurting the reputation of all 401(k) plans and shaking investor confidence in what most financial experts agree is a great way for the majority of Americans to save for retirement.

“There is a notion in the press that 401(k) investors are being hosed. This is not the case,” said **Michael Hadley**, the **Investment Company Institute’s** associate counsel for pension regulation, at the “Defined Contribution Investment Only Forum,” held last Monday and Tuesday at the **Harvard Club**, and hosted by **Financial Research Associates**. “401(k) investors are getting an incredible deal.”

The problem, Hadley said, is that the **Department of Labor’s** **401(K) FEES**, *cont. on page 8*



Paul Powell

401(k) Plans Move To Collective Trusts

CITs Offer Lower Fees, But Less Transparency

By John Morgan

BOSTON—Workers love pension plans, but providing 20 to 30 years of benefits to a huge retired workforce can cripple most companies’ profits.

As more firms drop their defined benefit pension plans in favor of defined contribution 401(k)s, institutions are looking for qualified default investment alternatives to mutual funds, such as collective investment trusts (CITs) and separately managed accounts (SMAs), to provide employees with pension-like features.

“You want to have the best tools available to meet your goals and give your participants the best plan available,” said **Thomas Waters**, managing director

COLLECTIVE TRUSTS, *cont. on page 9*

Impressive Strides by Funds Against Cancer

Charitable Group, Having Raised \$800,000 Already This Year, Is on \$4 Million Track

By Esme Nicholson

PLYMOUTH, Mass.—The bewildered looks on the faces of young patients in the children’s ward of the **Dana-Farber Cancer Institute** were wrenching enough. For **Frank Strauss**, who had himself become a parent in 1995 to his first child, Nicole, only three months before, the helplessness etched on their parents’ faces was far worse.

Having to walk through this scene every time he went to visit his mother, diagnosed with leukemia at the young age of 54, was devastating. Eventually, though, as Strauss’ mother, Sandra, regained strength—she remains in remission today, as one in

MFAC, *cont. on page 10*

401(k) Debit Cards: Dumb and Dangerous



By Lee Barney

It's bad enough that 40% of workers in their 20s and 30s cash out their 401(k)s when they switch jobs, even though taxes and penalties decimate the balances to almost half, according to a **CMI** survey of 1,200 people in January commissioned by **Fidelity**.

Worse, even, a small percentage of 401(k) participants take out loans or hardship withdrawals from their retirement savings, which average only \$122,000 in the first place, with a national median balance of \$66,000, data from the **Investment Company Institute** and the **Employee Benefit Research Institute** shows.

Now **Congress** is debating the pros and cons of supplying people with 401(k) debit cards.

Are they serious? Putting this piece of plastic in investors' hands would be akin to telling them to live for today and go out and spend whatever money they've saved for retirement.

The Reserve, one of the few companies in the nation that offers such debit cards, testified before the **House of Representatives** that having acces-

sibility to their money would actually encourage more people to contribute to their 401(k)s because they don't like giving up control over access to their money in the first place.

Easy access for needs of today *can't* be a sales pitch to Americans to contribute to their retirement savings. Hopefully, the entire discussion about 401(k) debit cards will end in the hallowed halls of Congress and the pages of this and any other industry publication—and the publicity will end there, because as it is, many people don't even know they can borrow up to \$50,000 at an average rate of 8% against their 401(k).

Meanwhile, last week, a company that provides rollover assistance to individuals called **RolloverSystems**, posted a calculator in its website to dissuade people from cashing out of their 401(k)s by showing them how much money today could accrue to money tomorrow.

A 30-year-old, for instance, who withdraws a plan balance of \$20,000 would get socked with \$8,000 in taxes and penalties. Instead, letting the \$20,000 grow at an annual growth rate of 8% a year for the next 40 years would build a nest egg of \$434,490.

This is the message we need to get out. Not spend today, regret it tomorrow.

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Subscriptions: Domestic rates: Annual \$1750; 2 year \$3150. Foreign rates: Annual \$1850; 2 year \$3350. Multiple subscription rates available. Postmaster: Send address changes to: One State Street Plaza, 27th Floor, New York, NY 10004.

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At Deadline

Retirement Assets Reach \$17.6 Trillion, ICI Reports

Despite difficult market conditions, Americans continued to save more for retirement last year, according to the **Investment Company Institute**.

Assets held in individual retirement accounts and employer-sponsored defined contribution plans, including 401(k) plans, increased 11% from the previous year, the mutual fund trade group said in a report issued Tuesday.

That growth lifted total U.S. retirement assets to \$17.6 trillion at yearend. Last year assets held in employer-sponsored retirement plans made up 64% of all U.S. retirement assets, the trade group said. Investors held \$4.5 trillion in defined contribution plans, accounting for 40% of employer-sponsored plan assets.

That total included \$3 trillion of assets held in 401(k) plans, a 10% increase from a year earlier.

Life cycle and lifestyle funds, which gradually become more conservative as the investor approaches a predetermined retirement date, continued their rapid growth last year, the report said. Assets in those funds reached \$421 billion.

Net retirement account inflows into mutual funds increased 23% from a year earlier, to \$184 billion. Long-term funds, which include equity, hybrid, and bond funds, garnered the bulk of the inflows, though retirement account flows to money market funds increased to \$54 billion.

State Street Launches 10 International ETFs

State Street Global Advisors has launched 10 international sector exchange-traded funds, which began trading Tuesday on the **American Stock Exchange**. They are benchmarked to a series of **Standard & Poor's** international equity indexes. MIME

Richard Jenrette Joins Blackstone Board

The esteemed **Richard H. Jenrette**, founder of **Donaldson Lufkin & Jenrette** in 1959 and later chairman and CEO of **The Equitable Companies**, has joined the board of directors of **The Blackstone Group**. Jenrette was also a one-time chairman of the **Securities Industry Association** and a member of the boards of **Advanced Micro Devices**, **Duke Endowment**, **McGraw-Hill**, the **National Trust for Historic Preservation**, **New York University**, **The Rockefeller Foundation** and the **University of North Carolina**.

Schwab President Adds Title of Chief Executive

Charles Schwab has promoted **Walter W. Bettinger, Jr.** to CEO and named him to the board. He will remain as president and start his new job on Oct. 1. He has been president and COO since February of last year. **Charles R. Schwab**, founder, chairman and chief executive, will remain executive chairman of the board of directors. Before becoming COO, Bettinger ran the operating businesses, including **Schwab Investor Services**, **Schwab Institutional**, **Schwab Investor Development** and **Schwab Corporate and Retirement Services**, as well as investment management, banking, technology, human resources and operations.

Fulcrum Names Considine Chairman of the Board

Hedge fund and alternative investment administration firm **Fulcrum Group** has hired **Jill M. Considine** chairman of the board of directors. She was previously chairman and CEO of the **Depository Trust & Clearing Corp.** from 1999 through 2007, where she was instrumental in expanding DTCC's clearing and settlement operations into the OTC derivatives market and launched



Jill M. Considine

Omgeo jointly with **Thomson Financial**. After she stepped down from DTCC, she continued to serve the organization as a consultant and senior advisor.

Before joining DTCC, Considine was president of the **New York Clearing House Association**, managing director and chief administrative officer at **American Express Bank** and **New York State Superintendent of Banks**. She continues as a director of **Ambac Financial Group**, the **Atlantic Mutual Insurance Cos.** and **The Interpublic Group of Cos.** Recently, she completed a six-year term as a member of the board of the **Federal Reserve Bank of New York**, where she chaired the audit and operational risk committee.

Four Senior Executives Join Jackson Fund Services

Four executives have joined the senior management team at **Jackson National Asset Management**, new positions created as a result of "tremendous growth" at the firm over the past 18 months.

Mark R. Anderson is now vice president of investment management and variable product operations. **Karen Buitter** is assistant vice president, financial reporting, while **J. Kevin Kenely** becomes vice president of fund accounting, pricing and corporate actions and **Mike Piszcek**, assistant vice president, tax.

With 20 years of securities industry experience, Anderson has held various executive positions with **Integrity Mutual Funds** and was a personal trust officer for **Wells Fargo Bank**. Buitter comes to the firm from **Henderson Global Investors**, where she was treasurer. She also has more than 20 years of industry experience. Prior to joining Jackson last year, Kenely held various senior management positions at **Keystone Group** and its successor firm, **Evergreen Investment Services**, as well as **Grantham, Mayo and Van Otterloo & Co.** Piszcek, who also came on board in 2007, has been in the business for 23 years, most recently at **Nuveen Investments**, and has served on the **Investment Company Institute's** tax committee for the past 11 years. MIME

Labor Department Proposes 401(k) Fee Disclosure

The **Department of Labor** on Tuesday proposed requiring 401(k) plan fiduciaries to supply investors with standard account summaries that will clearly state fees, expenses and any administrative costs such as legal, accounting and recordkeeping charges—in actual dollars. Plans will also have to provide performance figures and comparable benchmark returns, information on investment options and how to obtain more detailed information, including education and/or advice.

The Labor Department projects the disclosure will result in \$6.1 billion in savings for investors between 2009 and 2018, a third of it due to lower fees due to increased transparency. That works out to a savings directly related to fees of \$2.1 billion, or \$225 million a year.

The other two-thirds in savings will be employees' time, as they will no longer have to search for the information in various places, according to **Bradford P. Campbell**, assistant secretary for the **Employee Benefits Security Administration**.

"Our proposal is consistent with public consensus that workers need clear and concise information, not dozens of pages of 'legalese,' about the investment options available under their plans, and that they would benefit greatly from having that information in a comparative format," said U.S. Secretary of Labor **Elaine L. Chao**.

"One of the department's top priorities is improved disclosure to workers that will give them the information they need to make informed investment decisions."

The new regulations will go into effect on Jan. 1. Those wishing to comment on the proposal may reach the Department of Labor electronically at: e-ORI@dol.gov or www.regulations.gov, or by mail: Attention Participant Fee Disclosure Project, U.S. Department of Labor, Employee Benefits Security Administration, Room N-5655, 200 Constitution Ave. N.W., Washington, D.C. 20210

SEC's Atkins Tackles Shareholder Rights

In his last public appearance as a member of the **Securities and Exchange Commission**, Commissioner **Paul Atkins** said that, with regards to shareholder rights, the agency "would be wise to continue to respect the principles of federalism and avoid the temptation to exceed the limitations on its authority delegated by the **Congress**."

Speaking last week before the **U.S. Chamber of Commerce**, Atkins addressed a controversial change to the SEC's Rule 14a-8, which lays out the circumstances under which shareholder proposals may be included in proxy materials. The rule allows shareholders who own a small quantity of a company's stock to have their proposals considered alongside management's in proxy statements for presentation at annual or special shareholders meetings.

The modified Rule 14a-8, proposed in July 2007 in response to a ruling by the **U.S. Court of Appeals for the Second Circuit**, would permit shareholders to propose proxy access bylaw amendments if they hold at least 5% of the company's outstanding shares. While the proposal, the so-called "long release," was not adopted, Chairman **Christopher Cox** indicated that he may revisit it once the SEC has five members in place, with the goal of establishing a rule prior to the 2009 proxy season.

Since last year, the SEC has been operating with three Republican commissioners and no Democrats. Late last month, the **Senate** unanimously approved three new commissioners—Democrats **Elisse Walter** and **Luis Aguilar**, and Republican **Troy Paredes**—allowing the agency to once again operate with a full complement of commissioners.

Atkins said he is worried that the SEC might inappropriately seek to infringe on

state laws governing the relationship between shareholders and the corporations they own.

"My most significant concern is that the Commission could try to move to adopt a final rule based on the long release without additional public notice or comment," he said. "The long proposal was controversial with almost every group commenting on it. It suffered from concerns as to the SEC's authority to do it, plus it undermines the proxy disclosure and solicitation regime."

Atkins also attacked what he called the "abusive use" of the shareholder proposal process by some institutional investors.

"What we are basically seeing is large institutional investors pushing behind the scenes particular measures that fail at company after company when actually put up for a shareholder vote," he said. "We must be vigilant that the shareholder proposal process does not result in the tyranny of the minority."

The worst approach, Atkins added, would be to try to adopt with little warning a new rule similar to the long release.

"The Commission has not had a good track record recently of adopting controversial rules under dubious assertions of authority," he noted.

Atkins, a Republican sworn in by **President Bush** in August 2002, is stepping down from the Commission this week after serving two terms. He has been a vigorous opponent of large penalties, and his pro-business approach has sometimes put him at odds with fellow members. Most recently, Atkins called for an independent advisory panel to evaluate the SEC's enforcement program, making sure it "protected the rights of defendants and others with whom the agency interacted."

401(k) Debit Cards The Next Credit Threat?

When the **House of Representatives** holds a hearing on the merits of 401(k) debit cards, and even **Arthur Levitt**, the former chairman of the **Securities and Exchange Commission**, says tapping

into that equity might be a “creative way to stimulate the economy”—you know they pose a serious threat to both the mutual fund industry and investors’ retirement.

The main argument in favor of permitting such access to one’s hallowed retirement savings is that studies have shown it prompts lower-income and younger investors to save. And, according to **The Reserve**, which offers such a card to some 18,000 people, it also results in lower withdrawals, even though \$50,000 is the legal limit people can withdraw.

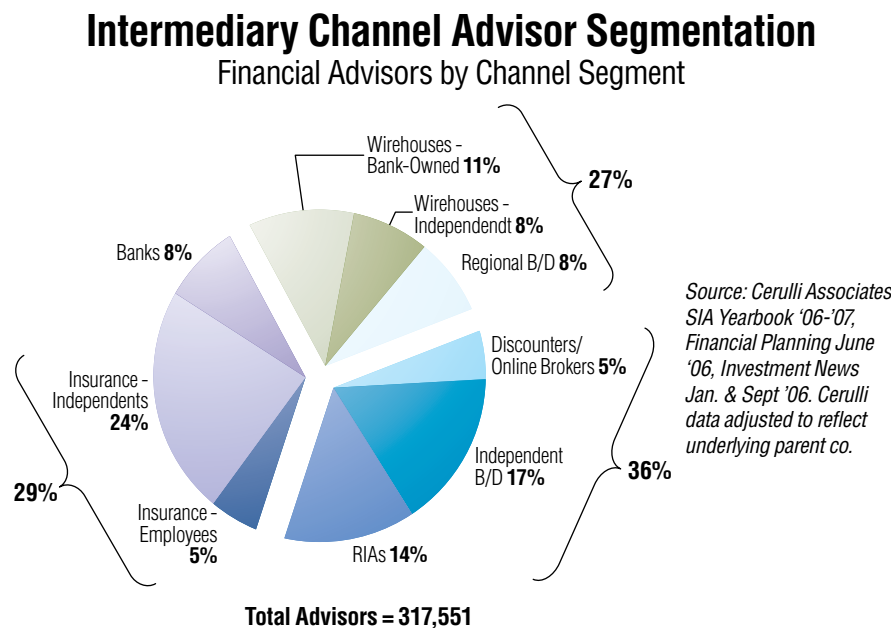
In addition, debit cards linked to defined contribution plans typically give people up to five years to pay back the money, whereas traditional 401(k) loans must be repaid in 90 days in the event a person is laid off or leaves a company.

The industry, understandably, is against 401(k) debit cards, as they go against the very principal of long-term savings, and some fear that they could further exacerbate the current credit crisis, much like home equity loans have.

“We absolutely hate it,” said **Jean Stezfand**, director of financial security at **AARP**. “A 401(k) loan is a last resort.” And the **Financial Industry Regulatory Authority** recently issued a warning to investors against 401(k) debit cards, calling them “a tempting convenience that can have significant repercussions” on retirement.

Barclays Plans Target-Date, Target-Risk ETFs

Barclays is planning to launch a family of target-date and target-risk exchange-traded funds-of-funds, drawing from its existing iShares. The percentage of equi-



ty holdings will range from 91% to 58%.

The firm expects that the funds-of-funds, which will overcome the traditional obstacles of ETF structures in 401(k)s, will catch on in the plans. Barclays is also willing to promote the funds over a period of years until they catch on.

“The retirement market does not move quickly. It took target-date funds 10 years to catch on,” a Barclays spokeswoman said.

Barclays is not the first to market with target-date or target-risk ETFs. **TD Ameritrade** offers five such target-date funds, and **Invesco Power Shares** has three target-risk ETFs.

eSecLending Forms RIA

eSecLending, an administrator and provider of customized securities lending programs, recently announced its

creation of **Securities Financial Global Advisors** (SFGA), a registered investment advisor, to further carry securities lending for mutual fund cash collateral in the U.S.

“The establishment of SFGA allows us to better meet the needs of our U.S. mutual fund client base by offering cash collateral management solutions to address their specific risk/return profile,” said eSecLending President **Chris Jaynes**.

eSecLending currently manages \$50 billion in cash collateral through a variety of account strategies and structures and has been adopted by top pension funds, mutual funds and investment and insurance companies throughout the industry. **MME**

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“The government appears determined to ensure that the financial crisis does not deepen and broaden from here, which may well require additional efforts on its part. This should be a general comfort to investors, but it also implies a choppy ride. While U.S. government involvement may make a doomsday scenario unlikely, a quick fix remains elusive.”

— Dirk Hofschire
Vice President
Fidelity Management and Research Co.

Quote of the Week

401(K) FEES

from page 1

rules regarding 401(k) fees are anything but simple. The rules are so convoluted, fiduciaries don't know how much they're being charged or for what.

"The big issue is that plan sponsors don't understand fees," said **Paul Powell**, managing director of 401(k) Advisors' southern region. "There are so many names for how providers receive revenue," including 12b-1 fees, sub-transfer agent payments, adviser revenue-sharing and sales load charges.

On top of such management fees, there's additionally a battery of front- and back-load fees, distribution charges, marketing commissions, communications fees, transfer fees, mortality changes and wrap fees—all of which have no place in defined contribution plans, said **Rose Amengual**, assistant director of New York City's Deferred Compensation Plan.

Hidden fees can devour tens of thousands of dollars over the lifetime of a 401(k) plan. Sixty million 401(k) plan participants pay approximately \$30 billion per year in annual investment and administrative fees, Powell said. Most of these fees are being paid for out of plan assets.

Plan sponsors want to pick the best plan for their participants, minimize the resources needed to run the plans, and avoid getting sued, Amengual said. Depending on the services offered, it may be more appropriate to pick a plan with a slightly higher fee, but sponsors are still required to do their due diligence and shop around for the best product.

"Some pricing out there doesn't add up," said **Lew Minsky**, senior advisor for **Florida Power & Light Group**. However, most of it does but is not explained well either to fiduciaries or to the end investor, he said. "We need to do a better job of communicating how much it costs to provide the services we've come to expect.

"Call centers cost money," Minsky continued. "The recordkeepers are get-

ting squeezed and want to cut back on services they provide, but we haven't seen service providers who will stand up and say, 'Hold on, this stuff costs money.'"

If it were left to investors, "participants will choose the cheapest plan because of costs, not because it's the best option," said **Peter Gosselin**, senior

On top of the myriad of management fees charged in 401(k) plans—12b-1 fees, sub-transfer agent payments, adviser revenue-sharing and sales loads—there's a battery of front- and back-load fees, distribution charges, marketing commissions, communications fees, transfer fees, mortality changes and wrap fees—all of which have no place in defined contribution plans.

— Rose Amengual

Assistant Director, Deferred Compensation Plan
New York City

director and manager of defined contribution investment services for **Mercer**.

But like any product that is available in a wide range of quality and price, you get what you pay for.

The key to avoiding litigation and protecting your employees is to engage in a prudent process, Powell said. Fiduciaries should analyze fees and compare them with those charged by other service providers.

"Plan sponsors are willing to pay for services if they're good services," said **Martha Spano**, a senior consultant for **Watson Wyatt Worldwide**. "Recordkeepers should take note of that."

"I think we're starting to see an over-emphasis on fees," said **Steven Dorval**, managing director of investment and trust services for **New York Life**. "Fees are becoming increasingly important to plan sponsors because they want to drive down costs in their qualified default investment alternative."

"Asset-based revenue in the large and mega plan market is under attack," Powell said. "Fee litigation is leading to disclosure, and disclosure is leading to plan sponsors questioning how much is rea-

sonable and the options for paying fees."

Fee pressure in the target-date field is inevitable, Dorval said, and a reduction of fees is a good thing. Plan sponsors should look for instances where there is clearly added value, he said.

"Market-timing restrictions lead to a reduction in flexibility," Dorval said. "If some of these new regulations require

disclosure of things like revenue-sharing, people could become too confused to participate."

Gosselin agreed, adding, "If some of this goes too deep, it can be discouraging."

Clear, Concise Disclosure

Last Tuesday, the Labor Department proposed requiring 401(k) plan fiduciaries to supply investors with standard account summaries that clearly state fees, expenses and any administrative costs such as legal, accounting and recordkeeping charges—in actual dollars (see related news story, page 6).

The summaries should also list performance and comparable benchmark returns, investment options and information on how to obtain more details, including education and/or advice.

The DOL predicts the disclosure will result in \$6.1 billion in savings for investors between 2009 and 2018, or an annual savings of \$225 million directly related to fees due to investors becoming savvier about fees, and companies responding to the pressure to reduce them. **MIME**

COLLECTIVE TRUSTS

from page 1

of **OppenheimerFunds's OFI Institutional**, at the "Defined Contribution Investment Only Forum," held here July 21-22 at the **Harvard Club**, and hosted by **Financial Research Associates**.

"Plan sponsors are looking for defined benefit-like investment vehicles," Waters said. "We need to take the best of what the DB world had to offer and bring those features to the DC market."

Mutual funds offer flexibility, transparency and easy rollovers, but also have high costs and lack customization features, said **Matthew Appelstein**, chief of institutional sales, marketing and product officer for **Old Mutual**. Collective trusts, on the other hand, offer lower costs, the ability to customize and best-in-breed management, but have lower transparency, limits on rollovers and are less popular.

Because CITs are available only in retirement plans, they tend to be much cheaper than mutual funds. CITs aren't sold to the general public and therefore don't have to comply with disclosure requirements by the **Securities and Exchange Commission**.

Also, CITs provide far less performance information than mutual funds, are not listed in newspapers or on financial websites and are not required to send out prospectuses. Managers of CITs must have trustee capabilities and be maintained by a bank or a trust company.

"A lot of plans are using separate accounts to improve their plans by giving clients access to higher-quality, institutional products."

— **Martha Spano**
Senior Consultant, West Division Practice Leader
Watson Wyatt Worldwide

CITs can't be rolled over into an individual retirement account when a participant leaves a 401(k), meaning investors have to transfer their funds to other investment options before they attempt a rollover. They can, however, invest in hedge funds and other alternative invest-

ment vehicles and are exempt from the Investment Company Act of 1940.

Auto Enrollment

"In the past, the default option was stable value, or by stealth, company stock," said **Drew Carrington**, head of defined contribution for **UBS Global Asset Management**.

The Pension Protection Act of 2006 changed all that, requiring employers to take an active role in making sure their employees are taken care of in retirement, said **Michael Siciliano**, vice president of **ING Investment Management**.

"With one fell swoop, PPA advanced us very far," Siciliano said. "The government got it right."

Managers should offer a wide array of products, he said, including SMAs, CITs and mutual funds. The right product depends on an investor's needs.

"The whole business comes down to distribution," Siciliano said. "The differences in costs depend on who you distribute through. The trend to collective funds is not going to take over the world, but we are seeing a lot more growth in the customization space."

"There is a real evolution in the DC world taking place," said **Martha Spano**, a senior consultant and West division practice leader for **Watson Wyatt Worldwide**. "A lot of plans are using separate accounts to improve their plans by giving clients access to higher-quality, institutional products."

Spano said smaller plans around the \$100 million range can make the switch to collective trusts, but the transition can be difficult. Often, the plan will need to hire a specialist transition manager.

"Most times I won't talk to a client unless they have at least \$1 billion," she

said. "There are definite cost efficiencies by switching. We think the cost savings are really worth the move from mutual funds to SMAs."

Customization

Many benefit experts consider target-date funds to be a godsend for participants—particularly those participants who don't change their plan from the default option—but this "one-size-fits-all" solution has its own flaws.

"In target-date funds, investment as a participant is based on one fact: how old you are," Carrington said. "We as an industry owe it to participants to get this right and find a solution that's more balanced for everyone."

There is a tremendous amount of variability in equity exposure among participants, even among those who are the same age. Some investors are willing to take more risk. Some investors may feel that they are too concentrated in one sector and want to diversify. Some may not have saved enough for their age and need to catch up by contributing more than the average.

"You have limited flexibility when you use an off-the-shelf product," said **Steve Ferber**, a consultant for **DC Distribution Consulting**. "It depends on your goals. Are you worried about inflation, or the purchasing power you have at retirement?"

"These off-the-shelf products were aimed at the common denominator," Siciliano said, "but perhaps that simplicity just isn't right for them. One size doesn't fit all."

Offering investors several options would seem to be the answer, but "customers get turned off when they have to answer more than three questions," said **Cleo Chang**, vice president and head of the investment research group at **Wilshire Associates**.

"Participants can be confused by both off-the-shelf and customized products," Waters said. "These are by no means easy solutions."



Martha Spano

MIME



Frank Strauss, founder of Mutual Funds Against Cancer (center) rings the opening bell at the New York Stock Exchange, flanked by NYSE Executive Vice President Larry Liebowitz and MFAC Executive Director Christina Thirkell.

MFAC from page 1

three adults who beats the disease—the ordeal became an inspiration.

Meet Frank Strauss, a principal with mutual fund operations firm **Beacon Consulting Group** and the indefatigable, effervescent founder of **Mutual Funds Against Cancer**.

With \$800,000 already in the bank, MFAC is on track to raise an outstanding \$1 million this year alone, and has pledged \$4 million over the next five years to the **Center for Applied Cancer Science** at the Dana-Farber Cancer Institute in Boston.

Two of the most visible events of the organization, now in its 14th year, are the Wine & Spirits Extravaganza in November and the Expect Miracles Golf Classic in June. This year, 450 executives from more than 100 companies supported the golf tournament, held through the auspices of foundation sponsor **Interactive Data Corp.**, on three separate courses at **Pinehills Golf Club** and **Waverly Oaks** in historic Plymouth, Mass.

The first-place winners on each course were Beacon Consulting (on the Jones course), **State Street Corp.** (Nicklaus) and **Spagnolo Gisness & Associates, Inc.** (Waverly Oaks).

What has fueled the growing interest in and current 60% annual growth rate of Mutual Funds Against Cancer is not just an interest in fighting a disease that touches so many people's lives.

Certainly, the group provides a great opportunity to network with industry heavyweights, as several golfers at this summer's tournament admitted during the cocktails and awards dinner. The list of people who attend and support its events reads like a veritable Who's Who of executives from Boston and New York.

More importantly, there's the research and development work itself, according to participants. As investment management experts, they have firsthand knowledge of how much ammunition is needed to eventually win the fight against cancer.

This has been the message of many of the famous speakers at Mutual Funds

Against Cancer's events, including **Superbowl** champion **Joe Andruzzi** who gave a keynote in June on how doctors at Dana-Farber helped him overcome Burkitt's lymphoma, a highly aggressive form of non-Hodgkin's lymphoma.

The work of the Dana-Farber is invaluable to thousands of patients who are properly diagnosed with—and beat—rare strains of cancer, Andruzzi told the audience, who rewarded him with a standing ovation. Seven-time **Tour de France** winner **Lance Armstrong** also testified to this fact via video on behalf of MFAC at the 2007 *Institutional Investor* Mutual Funds Awards dinner.

It is also at the Dana-Farber Institute that the important work of cancer drug research continues, with Strauss noting that it currently costs \$900 million to bring a single new cancer drug to market, while only 5% of new drugs succeed. Instead of trying to raise this staggering sum of money, Mutual Funds Against Cancer is putting money raised toward the Center for Applied Cancer Science, which ultimately aims to develop

“a more efficient research and development model that will provide tremendous leverage for each dollar invested,” Strauss said.

Strauss readily admits that he is tremendously fortunate, in that his motivation for starting the organization did not stem from, as is sometimes the case, the death of someone close to him.

An avid golf player who holds **Black Rock Country Club**'s longest hole-in-one at 202 yards, Strauss decided to turn what was then called the Strauss Open, a tournament for family and friends, into a fundraiser for cancer research. In its first year, the event raised \$6,000 and concluded with “me flipping burgers on my back deck,” Strauss said, with a laugh.

Strauss also recalls that he was in a good position to start the foundation since, as chief financial officer and treasurer at **CGM Funds** in Boston from 1992 until 2004, he had excellent industry contacts and vendors he might be able to depend on to help him in this new venture. In fact, State Street Corp. has funded MFAC all these years, and has since been joined by **Capital Fulfillment Group**, **Citigroup**, **Deloitte**, **DST Systems**, **Interactive Data Corp.**, **JPMorgan**, **PFPC**, **UBS Global Asset Management** and many more.

As to how MFAC has gained such momentum and success, board member and **BlackRock** Managing Director **Brian Schmidt** attributes it to Strauss' and the other board members' networks, as well as the generous support of corporate sponsors, including **BlackRock**. “It's great to see this organization grow from very humble beginnings to such a level of support and recognition,” Schmidt said. “It's certainly rewarding for the folks who have been involved in this great effort.”

Cindi Boudreau, EVP, sales and marketing, at **Computershare** and also a MFAC board member, characterizes Strauss' enthusiasm for the cause as “infectious.”

“When you tour the Dana-Farber facilities and see the impression in a hospital bed, where only a few hours ago a young child was receiving chemotherapy, it hits home that, yes, you are making a difference and what you are doing is very important,” Boudreau said.

While MFAC has become a headline event in Boston and, with the support of the **Investment Company Institute** and the **National Investment Company Service Association**, one of the biggest charity rallying points for the mutual fund industry, Strauss is not content to stop there. He and Executive Director **Christina Thirkell** are currently looking into opening chapters in other cities. They've also been approached by hedge fund and separately managed account companies to open “sleeves” to cater their industries.

Thirkell, in fact, has been a driving force behind MFAC's expansion in the last three years. Besides wanting to work for the cause, as a marketing professional herself, Thirkell



Mutual Funds Against Cancer Executive Director Christina Thirkell and Founder Frank Strauss, at last fall's wine tasting fundraiser.

recognized the power and influence of the people on Strauss' contact list. This ultimately gave her the drive to leave **Giga Information Group** in 2004 to become executive director at MFAC.

She was introduced to Strauss by a mutual friend who was on the MFAC board, and the more she got involved, “the more I saw Mutual Funds Against Cancer's potential to really make a difference in cancer research,” Thirkell said.

Thirkell “has a full-time focus, which has made the biggest difference and which we have needed as the organization and its visibility have grown,” Strauss said, adding, “The denominator has gotten big.”

True enough, MFAC has had exceptional results in the past few years, as is evi-

denced by its exponential growth. It was in 2001 that the name of the tournament was changed to the Expect Miracles Golf Classic, but it was not until 2004, when Thirkell joined the organization, the Wine & Spirits Extravaganza began and she helped turn the website into a powerful marketing tool, that MFAC really became a full-blown organization. As Thirkell stresses, the group is “more than just a golf tournament.”

“The wine tasting event really started a momentum and buzz within the industry, and it was great for [us as] a non-profit organization to have sponsors call us and want to get on board,” Thirkell recalled.

Over the past two years, the organization has rung the opening bell at the **New York Stock Exchange** and has been honored by *Institutional Investor* magazine as Charity of Choice at its Mutual Funds Awards Dinner in New York. Being selected Charity of Choice was a great reward for Thirkell's work to “expand our brand awareness and donor reach nationally,” she said.

“We definitely want to expand out of the Northeast area,” Strauss said, “and are trying to figure out the most cost-effective way to do that, as many of our events are labor-intensive and take a few years to produce the desired financial results.”

MFAC has also taken advantage of the talent and resources available within the industry, including a partnership with fulfillment house **Harte-Hanks**, which helped to change the dynamic of the organization by moving it out of Strauss' house and office. MFAC is also “pretty excited about” its recent alliance with the ICI, Strauss said, since it ran its own fundraiser this year for MFAC. The organization also attended the ICI's General Membership Meeting in May.

The alliance between the Center for Applied Cancer Science and MFAC was made public last year at the banquet concluding the annual golf tournament, where the keynote speaker was CACS Director **Dr. Ronald DePinho**.

As for the future? Strauss' ideal outcome for MFAC is an unusual one: that a be-all, end-all cure for cancer will one day soon be found, MFAC will be put out of business and any remaining money will be spent on a final, blow-out celebration. MIME