
From: Dean, Lukas [mailto:DEANL1@wpunj.edu]
Sent: Friday, July 16, 2010 4:14 PM
To: EBSA, E-ORI - EBSA
Subject: Regulation on 401k plan fees disclosure

SUMMARY:

401k and employee retirement plan options are loaded with inferior mutual funds with excessive fees.

The govt needs to force plan sponsors to offer a great default option with low fees and decent funds.

More detail:

As a financial planning professor, I have long been disgusted by the terrible fund options provided by plan administrators to their employees.

The research on mutual funds has taught us 2 very simple core principles: 1) that you want index funds with broad diversification and 2) you want these funds to have low expenses and fees.

When I started working for the state of NJ, the cheapest options available in our retirement plans all had fees that were about 4x higher than if I had just put my money in any random Vanguard mutual funds on my own (which is not an option the state allows).

Please enact legislation that forces states & employers to offer at least one low fee option as a default to its employees, and then allow the employees to opt out of that if they chose.

As a state-employed professor and expert in the area, when I have attempted to talk with the plan sponsors, I have not made any headway. This is going to take pressure from the federal government.

I know a lot of professors in financial planning around the country that would be happy to give their time in order to sit on these state committees who select fund options for these plans -- just to make sure that there are some decent funds in there for state employees. This is costing Americans thousands of dollars in fees, and eating away their returns and most Americans don't have enough in their retirement accounts to begin with. Count me first in line, and I'll get you at least 19 more professors from around the country that would be willing to VOLUNTEER (as in no charge, no \$\$\$\$\$, no kickback, no nothing) to help come up with a few standard default options for employee retirement funds. If this happened in my lifetime, I would feel like I had a successful career. I'm sick of seeing Americans who have no clue get dinged up w/ high mutual fund fees for inferior mutual funds in their retirement accounts.

If Americans are going to be responsible for their own retirement plans, then the government needs to set up default options for these Americans that are in their best interest.

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