



AHEAD OF THE CURVE

Ahead of the Curve covers developments that may impact the behavior and portfolio positioning of institutional investors. Take a closer look at events in the ever-changing regulatory, legislative and investment markets to determine how they may impact you.

More 401(k) Plans Using Target-Date Funds

The number of 401(k) plan sponsors offering participants target-date investment funds has doubled during the past four years, while the use of risk-based funds has waned, a recent survey found.

The “2008 401(k) Benchmarking Survey” was conducted by Deloitte LLP, the International Foundation of Employee Benefit Plans and the International Society of Certified Employee Benefit Specialists. The survey found 57% of the 436 plan sponsors surveyed offered target-date investment options, up from 28% in 2004. Another 10% of respondents said they were considering adding such a fund in the future.

Conversely, only 20% of this year’s respondents offered a lifestyle option, down from 31% in the previous 2005/2006 edition of the survey.

According to the survey, one reason for the surge in target-date funds could be the ability of plan participants to delegate asset allocation and rebalancing decisions to fund professionals.

Overall, the survey found employers continue to try to leverage their investments in 401(k) plans to attract, motivate and retain employees. Other key findings from this year’s survey include:

- 42% of respondents use auto-enrollment, up from 23% from the previous 2005/2006 survey. Another 26% of the respondents were considering an auto-enrollment feature.
- About two-thirds (68%) of the plans offering auto-enrollment used a default contribution rate of 3%, compared with about half (53%) in the previous survey. Only 16% used a default percentage of 2% or less, compared with 26% in the 2005/2006 survey.

For a copy of the complete survey report, go to deloitte.com.



Toolkit for FAS 157 Implementation Available

Northern Trust has created a “FAS 157 Toolkit” that combines automated processing, detailed reporting and industry expertise to help institutional clients affected by the new accounting standard.

“We used the toolkit approach because we feel that by providing an extensive library of resources to our clients, we can offer more comprehensive solutions for every aspect of FAS 157 implementation,” says Debra Clayton, client reporting product manager for Northern Trust. “We wanted to give clients the information needed to not only assist them in preparing their disclosures, but also to document their valuation policies and procedures.”

The toolkit includes asset level pricing details, extensive documentation of pricing methodologies, customization of level determinations and thought leadership on the challenges facing the industry related to FAS 157.

Northern Trust recently hosted a forum as part of its commitment to help clients navigate FAS 157. The forum consisted of service providers and industry experts discussing how the industry is adjusting to the accounting standard, from the perspective of the custodian, pricing vendor, financial statement preparer and auditor.

To view a webcast replay of the forum, or for more information on the toolkit, go to the U.S. Institutional page at northerntrust.com.