

## FIDUCIARY TIP #2

Learn the rules and options for setting up your “default fund” according to new DOL regulations – you may qualify for additional fiduciary protection.

Did you know? When it comes to your company’s 401(k) “default fund,” money market and stable value accounts are no longer acceptable long-term investment strategies according to proposed guidelines by the Department of Labor (DOL). There are, however, three types of funds that are:

- Life-cycle or Target Date Retirement Funds
- Balanced Funds
- Professionally Managed Accounts

What’s more, if certain standards are met, employers can qualify for additional fiduciary protection (possibly meaning less liability). The requirements are for default funds to be diversified so as to minimize the risk of large losses, and managed by either an investment manager or a registered investment company. It’s also required that the investment doesn’t impose financial penalties or otherwise restrict the ability of the participant to transfer the investment to alternatives available under the plan. So now you know and can make more informed decisions!

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