

# The Present is the Future



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In February 2007, I was asked by my boss at a New York third party administration firm to read the New York State Attorney General consent decree regarding New York State United Teachers Member Benefits Trust (NYSUT) and ING regarding the NYSUT endorsed 403(b) program.

Through the consent decree, NYSUT agreed to full fee disclosure by disseminating fee schedules to all participants, which would be cutting edge for the industry. Upon reading the consent decree, I realized that the future of the 401(k) business would be full fee disclosure and that the TPA that I was working for would not survive in that environment. In March 2007, I resigned my position to accept a position at a law firm.

In 2010, that TPA is currently under civil and criminal investigation by the U.S. Department of Labor (my boss retired on June 30, 2010 in disgrace) for fee and auditing improprieties and on May 28, 2010, the House of Representatives passed legislation that calls for 401(k) fee disclosure.

If the legislation is passed by the Senate and signed by the President, 401(k) plans would be required to disclose fees in one dollar figure taken from participants accounts in a worker's quarterly statement and require 401(k) service providers and plan administrators to disclose fees charged on 401(k) plans broken down into four categories: administrative fees, investment management fees, transaction fees, and other fees. Since the 401(k) industry is littered with conflicts of interest, service providers would be required to disclose financial relationships so companies that sponsor 401(k) plans can make sure there are no conflicts of interest.

While full fee disclosure is not her yet, it appears to be around the corner.

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