



Ready, Aim, Retire.

## **Spotlight on Fiduciary Responsibility: The Investment Selection Process**

At a time when most 401(k) participants are experiencing significant investment losses, the industry is preparing for what many experts believe will be an inevitable increase in litigation and legislation. The focus is on a plan sponsor's fiduciary responsibility and the role the investment selection process plays.

### **Do Your Clients Know It's Not Just About the End Result**

While participants generally care most about investment performance, plan sponsors and other plan fiduciaries also should care about the process they use when choosing the investments to offer participants. ERISA Section 404(a)(1)(B) does not define fiduciary responsibility in terms of performance results – it defines it in terms of the process: ERISA "requires a fiduciary to act with the care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with such matters would use."

### **How You Can Help Your Clients Limit Their Exposure**

Recommending a product provider that follows an unbiased, disciplined approach to select and monitor their investment managers and fund options can help limit your clients' exposure to fiduciary risk. The process should include four basic steps:

1. Conduct annual quantitative and qualitative research on a wide range of fund products and management firms.
2. Identify and select managers in each asset class that meet established, documented criteria.
3. Continually monitor those managers for consistency with the stated investment objectives for the asset class they manage.
4. Replace managers that no longer meet investment criteria.

Followed correctly, these steps can help provide some of the key components needed for a sound fiduciary program: consistency, compliance and an "early warning" system for deviations.

### **Make Sure to Offer an Appropriate Mix of Investment Options**

To help plan sponsors determine the number of types of investments to offer participants, Callan Associates, a leading strategic investment consultant, developed a best practice model for defined contribution plans. The model includes four basic principles:

1. **A formal process is critical.**  
Regardless of the plan size, participants are served best when plan sponsors follow a diligent, well-documented process.
2. **The number of options should be limited.**  
When confronted with too many choices, participants may have difficulty selecting among them. A prudent number of options can help participants better determine an appropriate asset allocation strategy.
3. **Asset allocation portfolios (or lifestyle/life cycle funds) should be offered as a separate tier.**  
Professionally developed, regularly rebalanced (as needed) portfolios can help to deter participants from chasing short-term returns, which makes them an easy choice for participants who don't want or know how to construct their own portfolios.
4. **Costs must be controlled.**  
A well-designed investment structure can help to control total plan costs.

For more information on how to assist clients in selecting the investment options for their plans, call your RMS wholesaler.

## **The Importance of a 401(k) Provider's Financial Stability**

In addition to selecting and monitoring the investments in a retirement plan, a plan sponsor's fiduciary responsibility also includes choosing a provider that's financially strong, stable and secure – a provider that will deliver on its promises today, tomorrow and well into the future.

### **How to Identify a Solid Provider**

Is the provider you're recommending to your clients unexpectedly raising fees or cutting staff? If so, something may be amiss. Stable companies tend to have consistent fees and customer service support. Additionally, be sure to check your provider's current ratings to make sure you're comfortable with how they stack up against their competitors' ratings.

### **Benefits of Changing Providers Today**

Although some plan sponsors may be concerned about solidifying investment losses by moving their plans while the market is down, it's important to remember that similar investments most likely have similar prices. So even if plan assets are sold at a loss today, the new investments likely will have lower prices as well and still will benefit from a market rebound.

Additionally, when clients move their plans to a more stable provider, they're making a prudent fiduciary decision that can help to secure the financial futures of their participants – especially if that provider offers certain QDIA options. For example, an individually managed account option such as 401k Toolbox<sup>®</sup> from PMFM, Inc., when elected as a plan's QDIA option, provides additional fiduciary protection for plan sponsors. And it can help give participants a better chance at successfully saving for retirement by eliminating the need to make investment decisions.\*

For more information about the financial stability of our product providers, call your RMS wholesaler or visit our providers' Web sites.

[401k Toolbox](#)  
[PMFM, Inc.](#)  
[Mutual of Omaha Retirement Services](#)

\* An annual fee is assessed to participants using this service.

## **Competitive Returns, 5-Star Morningstar Rating<sup>™</sup> Highlight Guaranteed Account**

Participants looking for a safe place to invest their money in today's uncertain economy may opt for a guaranteed account from a financially secure carrier. United of Omaha's Guaranteed Account offers a competitive interest rate and the full backing of United's general asset account.

### **Fund Highlights**

- Guaranteed principal and interest backed by United of Omaha Life Insurance Company (a subsidiary of Mutual of Omaha) - a highly rated company in the industry
- A 5-star Morningstar Rating<sup>™</sup> for its five- and ten-year performance (as rated against 375 short-term bond funds)\*
- Interest rates declared at the beginning of each month and guaranteed for a five-year period with the weighted average interest rate on 401(k) plan investments credited to employee accounts
- Flexibility for participants (or beneficiaries) to withdraw funds without penalty upon retirement, death, disability, hardship or termination of employment
- Ability to transfer funds to a non-competing investment option (i.e., money market or bond fund with a duration of less than five years) without penalty

For a more detailed fund profile, visit [GetRetirementRight.com](http://GetRetirementRight.com).

\* The Morningstar Rating<sup>™</sup> brings load-adjustments, performance (returns) and risk together into one evaluation. To determine a fund's star rating for a given time period (three, five or 10 years), the fund's risk-adjusted return is plotted on a bell curve: if the fund scores in the top 10% of its category, it receives 5 stars (highest); if it falls in the next 22.5%, it receives 4 stars (above average); a place in the middle 35% earns 3 stars (average); those lower still, in the next 22.5%, receive 2 stars (below average); and the bottom 10% get only 1 star (lowest). The Overall Morningstar Rating is a weighted average of the available three-, five- and 10-year earnings.

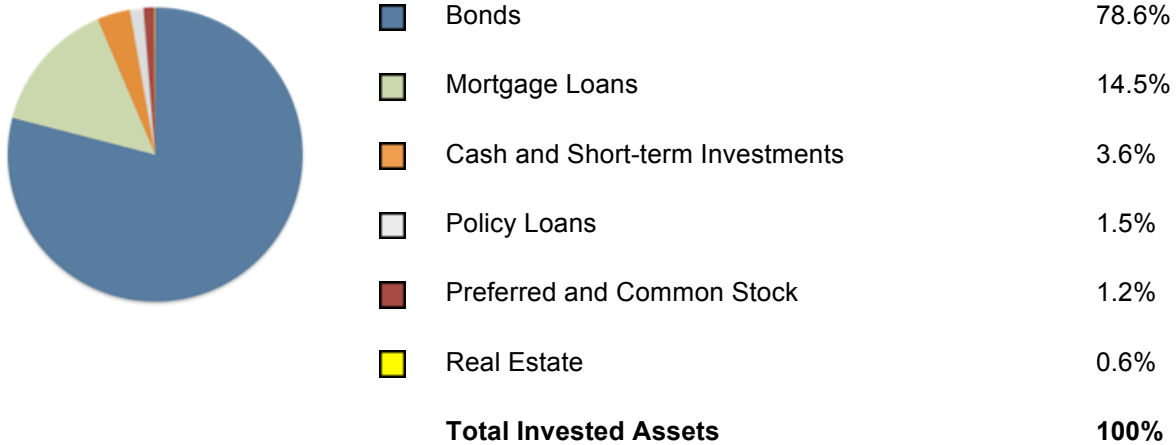
## Competitive Returns

Average Annual Total Return				
1 Year	1 Year	1 Year	1 Year	Since Inception (12/1/1991)
3.79%	3.84%	4.20%	5.12%	5.44%

As of 12/31/08

## General Asset Account Portfolio

United of Omaha designs, builds, monitors and manages a diversified portfolio of carefully selected investments that offer attractive returns, while still maintaining an appropriate level of risk.

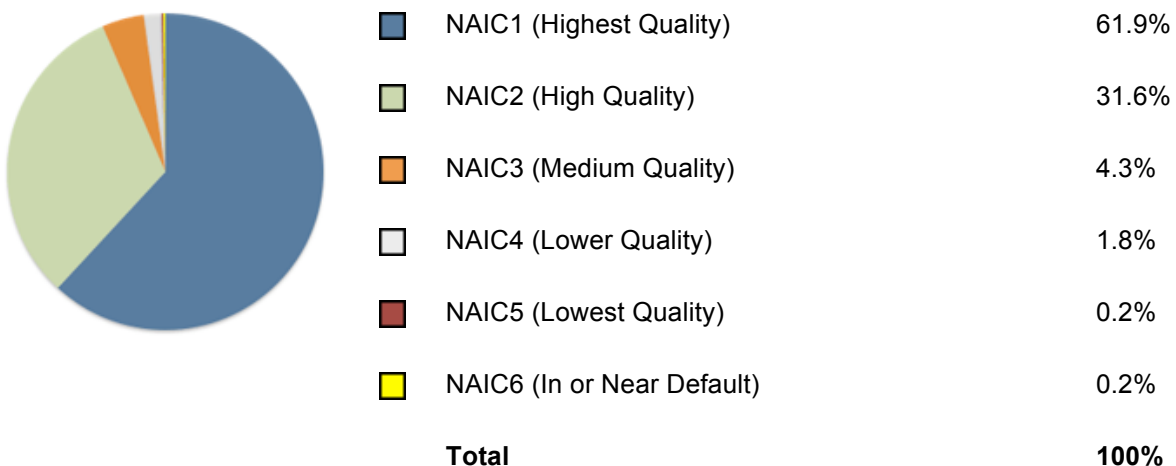


## Very Limited Subprime Exposure

The root cause of the current financial crisis will be debated for many years. However, most of us first recognized the problem when the subprime mortgage market began to crumble. United of Omaha has less than 1 percent of its total adjusted capital exposed to subprime collateral. All these investments have some form of credit protection, whether through the structure of the investment tranches or through bond insurance, and virtually all were purchased prior to 2005, when mortgage underwriting standards were more rigid.

## High Quality Bond Portfolio

The majority (78.6 percent) of United of Omaha's portfolio is invested in bonds. And the National Association of Insurance Commissioners (NAIC) rates more than 93 percent of those bonds as high quality or above.



## Company Ratings

Mutual of Omaha Insurance Company and its subsidiaries consistently earn strong ratings from all three

major rating services.

<b>Rating Company</b>	<b>Rating</b>
<b>A.M. Best Company, Inc.</b> (for overall financial strength and ability to meet ongoing obligations to policyholders)	<b>A+</b> (Superior) This rating is second highest of 16
<b>Moody's Investors Service</b> (for current financial strength and ability to withstand financial stress in the future)	<b>Aa3</b> (Excellent) This rating is fourth highest of 21
<b>Standard &amp; Poor's</b> (for financial strength to meet obligations to policyholders)	<b>AA-</b> (Very Strong) This rating is fourth highest of 21

As of 4/8/09

*Important Notes*

- *Investors who redeem or exchange any amount out of the Guaranteed Account must wait 60 calendar days before transferring or exchanging any amount back into the account.*
- *Past performance is not a guarantee of future results.*



*Corporate Headquarters*  
*Retirement Marketing Solutions, Inc.*  
*9140 W. Dodge Rd., Suite 380*  
*Omaha, NE 68114*  
*866.949.6191*  
[rms401k.com](http://rms401k.com)

*National Sales Office*  
*Retirement Marketing Solutions, Inc.*  
*5475 Rings Rd., Suite 110*  
*Dublin, OH 43017*  
*866.761.7900*  
[rms401k.com](http://rms401k.com)

*Retirement Marketing Solutions, Inc. (RMS) is a national wholesaling organization that specializes in retirement products. With seasoned retirement experts located across the U.S., RMS provides sales support, proposal generation, education, enrollment support and ongoing services to independent brokers and advisors. RMS works diligently to develop relationships with select providers to secure quality products and competitive pricing arrangements on behalf of those who sell the products.*

*Investment options are offered through a group variable annuity contract (Forms 902-GAQC-09 or 902-GAQC-09(OR) or 901-GAQC-07 or 901-GAQC-07(OR)) underwritten by United of Omaha Life Insurance Company for contracts issued in all states except New York. United of Omaha Life Insurance Company is not licensed in New York. In New York, Companion Life Insurance Company, Hauppauge, NY underwrites the group variable annuity (Form 900-GAQC-07(NY)). Each company accepts full responsibility for each of their respective contractual obligations under the contract but does not guarantee any contributions or investment returns except as to the Guaranteed Account and the Lifetime Guaranteed Income Account as provided under the contract. Neither United of Omaha, Companion Life Insurance, nor their representatives or affiliates offers investment advice in connection with the contract.*

*For producer use only. Not for use with the general public or any plan sponsor. A Mutual of Omaha Company.*