

## In This Issue

[DOL and SEC Take On the Topic of Target-Date Funds](#)

[CRG Retirement Plan Update - DB and DC Plans](#)

[Resources](#)

## Quick Links

[CRG Website](#)

[Newsletter Archive](#)

[Related Articles](#)

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## DOL and SEC Take On the Topic of Target-Date Funds

On June 18th, the DOL and SEC kicked-off public hearings examining target-date funds. Target-date funds captured the attention of lawmakers following the losses suffered by these funds in 2008. The funds are positioned to continue attracting the greatest share of defined contribution dollars in the months and years to come.

"Of all of the issues that the SEC is examining at the moment, our review of target-date funds is one that may most directly affect everyday Americans seeking to access our securities markets to help build a better life, and a greater sense of financial security, for themselves and their families," said SEC chair Mary Schapiro in her opening comments.

Deputy Secretary of Labor Seth Harris put the day-long hearing in the context of "concerns have been raised about variation in the glide paths of same-date target-date funds offered by different providers, and how this variation may result in plan participants and investors unknowingly placing their retirement assets at risk."

"We are here today to explore these concerns," Harris stated. "The public record established as part of today's hearing will help us determine whether regulatory or other guidance would be helpful to alleviate these concerns."

Panelists from across the mutual fund industry urged the agencies not to take action to dictate parameters for glide path compositions arguing that different plans have different needs and those needs should be taken into account when making a target-date fund choice on behalf of plan participants.

For more information, click [here](#).

## CRG Retirement Plan Update - DB and DC Plans

### Recent Guidance

- **May 22 (DC):** The Department of Labor postponed (again) the effective date of the final regulation on the provision of investment advice to participants and beneficiaries of participant-directed individual account plans from May 22, 2009 to November 18, 2009. The delay is intended to give the DOL additional time to evaluate the regulation (please refer to our January 16/20, 2009 and March 20, 2009 postings).

For a list of past guidance, please click [here](#).

### Looking Ahead

- **July 15 (DB):** Second quarterly contribution deadline for calendar year plans (for the 2009 plan year).
- **July 28 (DB and DC):** Due date for sending Summary of Material Modifications for calendar year plans (i.e., 210 days after the end of the plan year in which a plan change was adopted).
- **July 31 (DB and DC):** Deadline for filing Form 5330 for calendar year plans (for reporting excise taxes on prior year excess contributions and on other prior year prohibited transactions).
- **July 31 (DB and DC):** Deadline for filing Form 5500 for calendar year plans (if no extension is desired) and deadline for filing Form 5558 (if an automatic 2½ month filing extension is desired).

### Market Summary - Total Returns Through June 12, 2009

Year-to-date and one-year returns for key market indexes are summarized below:

	<b>Dow Jones Industrial Average</b>	<b>Standard &amp; Poor's 500 Index</b>	<b>Russell 2000 Index</b>	<b>MSCI EAFE International Equity Index</b>	<b>Lehman Brothers Aggregate Index</b>
<b>Year-to-date</b>	0.3%	4.8%	5.5%	8.9%	0.5%
<b>Last 12 Months</b>	-28.5%	-30.4%	-28.2%	-33.2%	5.7%

Source: The Wall Street Journal

### Defined Benefit Plans - Liability Returns

The return on assets in a pension trust is clearly a key driver of the funded status of a pension plan. However, pension liability values can also fluctuate significantly with changes in market interest rates. In essence, pension liabilities carry their own market returns. Plan sponsors should therefore focus on the net impact of changes in assets and liabilities on a plan's funded status. The following table provides the estimated return on pension plan liabilities as of May 31, 2009 as calculated by Ryan Labs, Inc. (used with permission):

	<b>Ryan Labs, Inc. PPA Liability Index (Funding)</b>	<b>Ryan Labs, Inc. FAS 158 Liability Index (Accounting)</b>
<b>Qtr ending 5/31/2009</b>	9.7%	6.4%
<b>Year-to-Date</b>	2.0%	-0.5%
<b>Last 12 Months</b>	6.5%	-5.7%

Source: Ryan Labs, Inc.

Ryan Labs, Inc. Asset Management specializes in managing custom fixed income portfolios for pension plans and institutional clients. For more information on Ryan Labs, please visit <http://www.ryanlabs.com>, or call 800-321-2301.

### Defined Benefit Plans - Key Interest Rates

- **IRC §430 Corporate Bond Yield Curve (DB Funding):** For a graph showing the year-to-date and 12-month change in the yield curve as of May 2009, please click [here](#). (Note that, in light of the IRS/Treasury guidance released on March 31, 2009, we have included the October 2008 spot rates on this graph.)
- **IRC §417(e)(3) Lump Sum Rates (DB Plans):** For a graph showing the year-to-date and 12-month change in lump sum interest rates as of May 2009, please click [here](#).

### **Resources**

For more information on Cassidy Retirement Group, please visit [www.cassidyretirement.com](http://www.cassidyretirement.com).