

**INSIDE THIS  
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**WHO ELSE IS  
LOOKING AT  
MY PENSION  
PLAN?**

# The PRS Report

## Who Else is Looking at my Pension Plan?

As you are probably aware, all Form 5500s except Form 5500-EZ are publicly disclosed on the Department of Labor website ([www.efast.dol.gov](http://www.efast.dol.gov), then click on "Form 5500/5500-SF Search" on the left side of the screen under "Filings"). Unfortunately for the small business owner, allowing public disclosure of Form 5500 Filings has some downsides. First of all, there are privacy concerns, and we touched upon this topic in our newsletter in April of 2011 ("Who's Looking at my Pension Balance?"), available on our website ([www.pensionreviewservices.com](http://www.pensionreviewservices.com), click resources, then click newsletters). Recently, another downside has surfaced.

Two of our clients recently received a mailing from the local office of a well-known investment firm. What was included in the mailing was the following: a "hand-written" note (not actually hand-written, but it looked hand-written) and a folder containing material mined from the Form 5500, which as mentioned above can be accessed by anyone with a computer and an internet connection. What the investment company apparently is after is quite simple: they are interested in investing the assets of your Plan or your client's Plan. Of course, this particular brokerage firm, like any other entity or individual, has the right to market their services or product. So, while not a scam, the approach they are taking is somewhat underhanded in that they are looking at your company's personal information without your permission and they are making assumptions without all the facts.

Getting back to the enclosures, the "handwritten note" was addressed to our clients by their first names (the first name of the signer being available on the Department of Labor website), giving the impression that this investment advisor was acquainted with them. The next phase of the "scheme" was to undermine the confidence they have in their Third-Party Administrator (TPA) by including a printout of information culled from the Form 5500 Filing and highlighting areas of potential non-compliance. One area highlighted in the mailing we were able to see was the Fidelity Bond information, which showed that the bond did not cover 10% of Plan assets. In fact, every cover letter to every valuation report that we write has a Fidelity Bond section in which we inform our clients whether there needs to be a bond in place, whether the bond in place is sufficient, or whether it needs to be increased.





There were other “plan compliance” issues that were highlighted in the report given to the client. Without knowing certain specifics of the Plan (which Form 5500 does not contain), there would be no way for anyone to know whether these areas were of concern. But by highlighting these areas, the financial firm planted a seed of doubt about whether the TPA of the Plan was looking out for the Plan Sponsor’s best interests.

The last item included in the financial firm’s folder contained a printout showing a comparison over the last decade of the rate of return of the investments in the Plan to the rate of return of the S&P 500. This comparison implied that this brokerage firm could do better, without of course having any idea about the client’s risk profile or the ages of the owner(s) of the company.

So, if you receive similar promotional material from an investment firm, please do not be enticed by their entreaties. We, as TPA of your Plan, are always looking at the Plan or the Plan of your clients and monitoring the Plan’s compliance as well as whether or not the Plan can be improved upon. And although we are not involved in your investment decisions, we want to voice our objections to salesmen who in an underhanded way, attempt to sow doubt and discord among our client base with regards to the financial advisors they have chosen.

By the way, if you feel that publicly disclosing the information contained on Form 5500 is an invasion of privacy, why not write a letter to your Congressman and Senators to voice your displeasure at this overreach by government agencies. We’ll be glad to review any letter you want to send to your elected officials to make sure you are using the correct pension terminology. Good luck!



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