
Going with the regulatory flow

By Editor Test Tue, Aug 9, 2011

In announcing new fund offerings for DC plans, Securian and BlackRock noted that they're trying to meet plan sponsor demand for greater fiduciary responsibility and lower investment costs.

Two retirement plan providers, Securian Retirement and BlackRock, recently announced new fund options. In doing so, both cited the trend toward greater fiduciary responsibility and lower costs in employer-sponsored retirement plans as a motivating factor.

In naming a dozen new investment options, Securian noted that its

“Actual Allocation Method (SA2M) process for crediting revenue sharing to participant accounts, recently was cited in a paper by Fred Reish and Bruce Ashton. [Reish and Ashton] noted “Securian’s method of allocating revenue sharing effectively solves the fiduciary issues by following the actual allocation approach considered by the DoL to be most equitable.”

The latest of Securian’s 120 or so options (and their underlying investments) are:

- Long-Term Bond I2—PIMCO Long Duration Total Return Fund, Institutional Class (primarily for defined benefit plans)
- Global Allocation I1,2—BlackRock Global Allocation Fund, Institutional Shares
- Large Growth Equity XIV—BlackRock Capital Appreciation Fund, Institutional Shares
- Mid-Cap Value Equity V3—American Century Mid Cap Value Fund, Institutional Class
- Small-Mid Equity I3—Eaton Vance Atlanta Capital SMID-Cap Fund, Class A
- Small Value Equity XVI3—AllianceBernstein US Small Cap Value
- Small Value Equity XVII3—DePrince, Race & Zollo Small-Cap Value
- International Core V1—Manning & Napier Fund, Inc. Overseas Series
- Health Care Equity III4—T. Rowe Price Health Sciences Fund
- Natural Resources II1,3,4,5—Nuveen Tradewinds Global Resources Fund, Class I
- Social Equity III1,3,6—Pax World Global Green Fund, Institutional Class
- International Growth IV1,5—Invesco International Growth Fund, Institutional Class

Securian Retirement’s qualified plan products are offered through a group variable annuity contract issued by Minnesota Life Insurance Company.

Similarly, BlackRock’s Chip Castille cited the Department of Labor in announcing his firm’s expansion of its menu of index funds for retirement plans.

“The growing indexing trend in this market is partly in response to regulatory focus on fees and the desire for increased transparency,” Castille said in a release. “Sponsors like the publicly available pricing offered by mutual funds, as well as the detailed, standardized disclosures for prospectuses and other

communications.”

With the June launch of nine **BlackRock LifePath Index Portfolios**, and the **All Country World Index ex-U.S. Fund**, the firm now features 16 core index mutual funds.

The newest funds, available on most major recordkeeping platforms, complement the existing product suite that includes **BlackRock’s S&P 500 Stock Fund; Small Cap Index Fund** (tracking the Russell 2000 Index); **International Index Fund** (tracking the MSCI EAFE Index); **Bond Index Fund** (tracking the Barclay’s U.S. Aggregate Index); and the **Russell 1000 Index Fund**.

As of June 30 2011, BlackRock managed over \$2 trillion in index based products spanning equity, fixed income, multi asset and alternative investment strategies.

Industry wide, it’s expected that the share of DC assets in index solutions will nearly have doubled from 11% in 2005 to 20% by 2015 - bringing the allocation into closer alignment with the percentage of indexing seen in defined benefit plans, the BlackRock release said.

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