

NEWS RELEASE

FOUNDATION FOR FIDUCIARY STUDIES

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FOR IMMEDIATE RELEASE

New Industry Index: “The Retirement Index™”

Pittsburgh, PA, November 10, 2004—The Foundation for Fiduciary Studies has begun work on a new industry index — “The Retirement Index™.” The purpose of the Index will be to help educate the public on the looming social crisis the nation may face if potential and existing shortfalls and threats to the nation’s retirement system are not addressed. The Index will model the quality of retirement the average American employee is likely to experience at retirement in ten to fifteen years: Is the Index trending upward toward a retirement in dignity, or downward toward a retirement in despair?

Retirement Index™

The quality of retirement the average employee is likely to experience in ten years.



Factors

1. Creation of retirement plans
2. Funding of retirement plans
3. Prudent management of invested assets
4. Protection of retirement plans

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The Index is intended to be a qualitative, simple-to-comprehend measure — analogous to the “Doomsday Clock.”

The Index will be based on a four-factor model:

1. **Creation of, and participation in, retirement plans:** Are there more plans being started than terminated? Are participation rates increasing in participant-directed plans? Are employees saving for retirement outside of traditional retirement plans?
2. **Funding of retirement plans:** What is the funding status of defined benefit plans, Social Security, and the PBGC? Are participant contribution rates increasing, and are company matches being maximized?
3. **Prudent management of invested assets:** Are invested assets getting near-market returns? Do plan sponsors understand their fiduciary roles and responsibilities? Do plan vendors act as responsible co-fiduciaries? Do participants possess basic knowledge of savings and investment principles?
4. **Protection of retirement plans:** Are regulators and legislators doing all that is possible to protect retirement benefits? Are court rulings consistent with the best interests of plan participants? Are politicians delivering on promises of retirement protection?

Role of the Advisory Council

The Index will be administered by an Advisory Council of thirty-six industry professionals from a broad base of disciplines. Once formed, the Council will vote on:

1. The character of the Index — Will the Index be based on qualitative and/or quantitative factors?
2. The factors to be considered in calculating the Index — Four factors have been proposed, should there be more?
3. The starting reference point — Based on a scale of 0–100, where does the Council believe the Index initially should be positioned?
4. Administrative procedures — How will the Council add/drop members? How will topics to be considered by the Council be presented and voted on?

Any member of the Council will be able to propose that a vote be taken on news and/or an event that may impact retirement security. A period of time will be established (for example, one week) for Council members to express their opinions via e-mail.

At the end of the allotted time, each Council member will be polled and asked to score the impact of the event and/or news from -3.0 to +3.0. The average score will be calculated and rounded to the nearest whole number. The Index will then be adjusted accordingly. A press release will then be prepared and distributed to the news media announcing the actions of the Council and the reasons for the change in the Index.

*About the **Foundation for Fiduciary Studies**: The Foundation was established in 2000 for the purpose of defining the practices that detail a prudent process for investment fiduciaries. It is part of the trilogy of organizations focused solely on the subject of investment fiduciary responsibility that make up **Fiduciary 360** (www.fi360.com). The other associated organizations include the **Center for Fiduciary Studies**, which is associated with the **University of Pittsburgh's Center for Executive Education** at the **Joseph M. Katz Graduate School of Business**; and **Fiduciary Analytics**, which develops Web-based tools incorporating fiduciary practices for investment decision-makers.*

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