401(k)s and costs to savers

April 28, 2006

Re "Fees Eat Away at Employees' 401(k) Nest Eggs," one in a three-part series, April 23

Thanks for the articles explaining the various costs to employees when employers use a system that is riddled with conflicts of interest to select 401(k) plan consultants, administrators and fund managers.

The ultimate conflict of interest is that boards of directors, at corporations with publicly traded stock, have an incentive to cause their employees to pay greater fees than necessary to fund managers who, should the occasion arise, are expected to vote their proxies to entrench members of those same boards of directors. It is another mechanism by which boards of directors avoid accountability.

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