

## Proposed Rule Targets Pension Plan Advisers

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*Many participants in 401(k) plans (particularly those under \$5 million) think their brokers are serving their best interests. Often, they aren't. A proposed government rule requires pension plan advisers to be fiduciaries. H.L. Zeve has always acted as a fiduciary. And we invest our own funds exactly as we do our clients.'*  
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In an effort to guarantee retirement plan participants objective advice and full disclosure of fees and expenses, **the government has proposed a new rule** that is expected to be approved this summer. **It allows only registered investment advisers (RIAs) who are classified as fiduciaries by ERISA to advise 401(k) plan sponsors.** By law, **fiduciaries must act only in the best interests of their clients (Shouldn't everyone?).** The rule will probably have the most impact on small plans, those under, say, \$5 million. Most RIAs work almost exclusively with mega-plans, while **smaller plans typically deal with brokers,** who are supposed to offer investment options and information, but no recommendations. In practice, **many provide advice — some of it self-serving — and are less than candid about how they're compensated.** They'll now have to disclose that they aren't acting as fiduciaries.

*In 2006, H.L. Zeve, a registered investment adviser, designed a 401(k) program for small businesses that offers broad choices, full transparency and very competitive fees. \$*

## "Buy Local" Is Spreading

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*A convergence of individuals, organizations, research and government backing has highlighted a movement that supports buying local. One blogger asked readers to spend \$50 at any three local businesses. New Mexico's House of Representatives voted 100% to move up to \$5 billion of state money into local banks or credit unions.*  
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**Seattle's 15th Ave. Coffee & Tea could easily pass for a locally-owned coffee shop.** But in fact, **it's owned by Starbucks. Management skipped the corporate style as part of the "buy local" movement** that's taken hold nationally over the past two years. **Advocates claim local owners save jobs, keep more \$\$ in the area** (\$45 for every \$100 spent compared with \$13 at a major chain), **and tend to buy from nearby suppliers.** Others say it's easy to count jobs gained locally but impossible to know how many are lost elsewhere because of a change in buying habits.

*Whatever the facts, about 130 cities or regions now have "buy local" groups, representing about 30,000 businesses, up from 41 in 2006. "The 10% Shift" asks shoppers to do 10% of their buying locally. "Move Your Money" says keep your money in local banks and credit unions. Smaller banks, they maintain, are more helpful to small businesses, don't pay huge bonuses and didn't get bailouts. \$*

## Europe Turns Trash Into Energy. The U.S. Sticks to Landfills.

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*Europe has proven that waste-to-energy plants are a boon to the economy and the environment. Here, misguided opponents claim, erroneously, that they discourage recycling. Opponents also cite NIMBY, although European communities welcome them. So, we're stuck with landfills along with pollution and energy costs that could be substantially reduced.*  
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What's wrong with this picture? **In Horsholm, Denmark, there are luxurious homes inhabited by families whose incomes are among the highest in the country. There is also a huge waste-to-energy plant — very close to the homes — that turns local trash into heat and electricity, 24/7. It provides 80% of Horsholm's heat (lowering heating costs) and 20% of its electricity.** The residents love it. Denmark, with a population of 5.5 million, has 29 such plants, and 10 more are under construction or planned. Europe already has about 400.

*In the U.S, the federal government and 24 states classify waste treated in this way as renewable fuel. A study by the E.P.A. and North Carolina State favors waste-to-energy plants over landfills, finding they reduce greenhouse gas emissions and local pollution and produce abundant electricity. Yet with 300 million people, we have only 87 trash-burning power plants; almost all are at least 15 years old. One Columbia professor calls our attitude economically and environmentally "irresponsible." \$*