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## **DALBAR Announces QDIA Validation Putnam Absolute Return 500 Fund Is Certified**

**(Boston, MA - March 4, 2009)** DALBAR announced the introduction of a new service designed to assist retirement plans with the responsibility of selecting and monitoring investments they choose for those employees who don't feel comfortable making their own investment decisions. These investments chosen for employees are qualified default investment alternatives (QDIAs). They were enacted into federal law by the Pension Protection Act of 2006 and implemented through regulations issued by the United States Department of Labor (DoL).

The new DALBAR service addresses the quandary that both employers and advisers face in meeting the DoL requirement to prudently select and monitor QDIAs. The QDIA Validation now establishes a standard that fiduciaries and administrators can use to compare various QDIAs in their selection and monitoring. The uniform evaluation against a single set of standards permits a rational comparison of a very diverse set of alternatives.

The QDIA Validation produces a detailed report that identifies compliance and deficiencies of each investment tested. Deficiencies that often exist can be self-corrected to avoid regulatory action. Unlike fund tracking, the QDIA Validation provides a line-by-line regulatory evaluation of each investment and applies uniform standards to the diverse types of investments that constitute valid QDIA alternatives.

"We are proud to announce also, that the Putnam Absolute Return 500 Fund was the first to successfully complete the QDIA Validation (attached). Validated funds offer fiduciaries a level of comfort by virtue of the independent third party review" said Louis Harvey, DALBAR's President. He added, "This is a particularly opportune time for such a standard since employers, employees, regulators and the Congress are deeply concerned about how QDIAs have performed over the last year."

QDIA investments can take several forms. While simple age based funds (popularly known as target date funds) have been used most often in the past, model portfolios, risk based investments, managed accounts, short term investments and stable value funds qualify and may be more appropriate under certain conditions.

The Putnam Absolute Return 500 Fund with its focus on protection from loss and a specific performance goal is an approach that meets the need of plan participants who are overwhelmed by picking investments during the uncertainties of the current market.

DALBAR's QDIA Validation documentation includes:

**Risk Assessment.** The level of risk associated with the QDIA is associated with familiar consumer and investment risks using DALBAR's Risk Table.

**Applicability as a QDIA.** By examining various factors, including risks and investment policies, strategies and objectives, DALBAR determines which QDIA alternatives represent appropriate uses for an investment under examination.

**Qualification.** DALBAR evaluates the investment and investment manager based on applicable Department of Labor regulations and guidelines.

**Reasonableness as a plan investment option.** Using a prudent man standard, DALBAR compares each investment and the asset classes underlying the investment (as appropriate) to respective standards or peers in the following categories:

- Length of investment history (track record of investment and/or asset classes)
- Stability and tenure of investment manager
- Assets under management (Size)
- Consistency of holdings relative to investment strategies and objectives
- Correlation to style or peer group
- All fees and expenses in investment as well as any underlying investments
- Performance relative to assumed risk within asset classes
- Performance relative to a peer group within asset classes

The QDIA Validation service is available to employers and their advisers to compare selected sets of investment alternatives. Investment firms, such as Putnam, use the service to pre-certify their offerings and make any necessary adjustments to comply with the standard. Pre-certified QDIA documentation will be made available to the public at no charge on DALBAR's Website.

DALBAR recognizes that the regulations for QDIAs are subject to change and is committed to making ongoing revisions as regulations, legislation and circumstances warrant.

DALBAR is the leading provider of fiduciary adviser audits and certifications for ERISA and IRA plans. DALBAR has a 30-year history as an independent third party evaluator in the financial services industry. DALBAR certifications are also recognized as a mark of excellence in adviser services, communications, E-business, and customer service.

DALBAR is not an affiliate, employee, investment adviser representative or registered representative of any QDIA provider, its advisers, affiliates or any other securities firm. Nor is DALBAR an agent of the QDIA provider, as it has no authority to act on the provider's behalf. DALBAR has no material contractual relationship with the QDIA provider.

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[Click here to view Putnam's QDIA Validation Report](#)