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## GM will offer employees fewer options for their 401(k) plans

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The 401(k) plans at General Motors Corp. are undergoing some tinkering.

Employees will be notified in the coming days of changes in their 401(k) plans that will involve eliminating some options and adding others later this year.

Preston Crabill, director of the pension and savings plan at GM, said Wednesday that hourly and salaried GM employees will have slightly less than 40 options after June 29.

Right now, hourly and salaried employees at GM have about 70 choices.

Crabill said GM has been working on restructuring its 401(k) plan for about 15 months. He said the company wants to make the plan easier for workers to navigate and actually encourage more diversification.

Some 401(k) gurus might say that simplifying could be a good thing. After all, it's easy for employees to throw up their hands and not pick anything when the mutual fund choices are so plentiful.

GM is keeping some of the most popular options.

In the GM salaried plan, the top three spots with the most money are: the Promark Income Fund, which has 27% of the assets in the plan; GM common stock, which has 11% of the assets, and the Promark Large Cap Index Fund, which has 8% of the assets.

Set for the cutting block? Fidelity Canada, Fidelity Capital Appreciation, Fidelity Equity-Income and Fidelity Pacific Basin, among others.

GM is cutting its own Promark funds out of the offerings, too. Those funds are managed by GM's own money managers and first showed up in the salaried plan back in 1999.

GM will eliminate 15 Promark funds and keep two popular funds: the Promark Large Cap Index and Promark Income Fund.

"Many of the best Fidelity funds in the plan are remaining, which is a good thing," said David Kudla, CEO and chief investment strategist for Mainstay Capital Management in Grand Blanc.

But he also was critical that employees would have fewer options. He knows that some say fewer options might create less gridlock. But he doesn't agree.

"I just don't buy that," Kudla told me by phone Wednesday.

He argues that fewer options would give employees less flexibility.

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