



Vendors Beef Up Security To Stop ID Thieves

---Richard Kellerhals

In response to growing security concerns, recordkeepers are updating their systems to protect participants' assets. **Don Bartolai**, v.p. of global benefits outsourcing at **ACS**, said the issue of identity theft is coming up in plan sponsors requests for proposals. "It's now part of the minimum criteria sponsors look for in a recordkeeper... Recordkeepers must have that box checked off," said Bartolai.

An official at Cumberland, R.I.-based department store chain **Ann & Hope** said she spoke to her plan's recordkeeper after she read an article that spurred her interest. "After I read it I talked to **Fidelity Investments**, our recordkeeper, to see what their security procedures are. And quite frankly it wasn't the answer I was looking for," she said. "So we're going to be looking into that." The official said her company will look into what measures it can take on its own, but declined to be more specific. Ann & Hope has approximately \$13 million in its 401(k).

Barry Strasnick, chief information officer at **CitiStreet**, said his firm has enhanced its security to preclude its own staff from viewing sensitive information. "In the old days it was not unusual for senior operational--whether business or technical--staff members to be able to view participant data or even gain access to a participant's PIN number," he said. Now units are broken apart so if a staff member ever has to access an account he or she would have to go through another department, which adds oversight to the process. He said there are more updates to come, but couldn't be more specific.

Other firms, such as **The Online 401(k)**, are changing the way they monitor accounts. **Veronica Sagastume**, chief operating officer, said her firm enhanced its monitoring of account information, but declined to be more specific on additional updates. She said her firm recommends that participants install spyware protection software. The firm also provides brochures to participants that have tips to improve security, such as not looking up account information in an internet café and keeping passwords in a safe place. Sagastume said the key at her firm is to take the time to sit down and discuss concerns with the information technology department.

At **Charles Schwab Retirement Services**, **Sarah Bulgatz**, spokeswoman, said the firm works closely with its IT department to develop firewalls and education materials for participants. She said tips similar to those The Online 401(k) provides can be found on its brochures. Bulgatz said there are a lot of areas to cover when it comes to security, but client identification is on the top of the list. Bulgatz, along with Sagastume and Strasnick, could not be more specific because they didn't want to expose any technical secrets.

Besides consulting with IT, **Scott Reed**, v.p. of **MassMutual Retirement Services**, said his firm works with independent sources that inform MassMutual when threat levels have been raised. **Bruce Bonsall**, chief information security officer and v.p. of information systems organization, said one source of information is the **Financial Services Information Sharing & Analysis Center**. Neither he nor Reed could disclose the practices of FSISAC or the names of other sources.

Reed and Bonsall said security is a growing concern of plan sponsors, and comes up when the firm is wooing clients. "We are seeing it a lot from the pre-sale process," Reed said. "More and more stories about identity theft and other crimes are in the news, which is making people ask questions... All of this ends up being a good opportunity for us because it's more we can promote to our clients."