

Lawsuit Alleging General Electric Ripped Off Its Workers Shows the Pitfalls of 401(k) Plans

A lawsuit recently brought against General Electric Co. raises the question: Can your employer be trusted to manage your retirement fund exclusively for your own benefit?

Los Angeles Times reporter **Michael Hiltzik** explains that the suit alleges that GE managed the plan for its own benefit by loading it with mutual funds owned by its own subsidiary.

“The funds charged high fees while also underperforming the investment markets, a double-barreled drawback that cost employees millions in potential gains,” according to Hiltzik.

Plaintiffs claim that a large portion of the funds was invested in GE-owned mutual funds, and the company pocketed the management fees paid by its own employees. All but one of the five GE funds underperformed its benchmark investment index.

Read the *LA Times* article.

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