

Vanguard Restores Benefits to Retirees

By DAWN LIM

Vanguard Group is restoring benefits for retirees after an attempt to phase them out triggered protests among former staffers.

"I sincerely apologize for the anxiety and stress this decision has caused," Vanguard Chief Executive Tim Buckley said in a video message late Friday. "We know we missed the mark."

Vanguard is reversing course from last Monday when the firm told employees and retirees it was ending a long-time retirement benefit program that allowed workers to accumulate credits for insurance payments.

At the time, Vanguard said it was also canceling a life-insurance benefit and a Cobra program meant to tide workers over in the months right after they retire. The firm would offer a one-time lump sum taxable cash payment of \$40,000 instead.

When the firm announced the benefit changes, dozens of retirees and employees mobilized on social media and called and emailed staffers to complain.

The firm reinstated these benefits for retirees, and now, it said, it is evaluating the benefits for its current employees.

Vanguard helped pioneer the rise of passive investing through low-cost index funds. In the process, the firm rose to become a \$8.3 trillion asset manager and major provider of retirement savings funds to millions of investors. Now, the firm and other asset managers are working to cut corporate costs to sustain their increasingly low-fee business.

The firm has an unusual ownership structure in which it is owned by the people who invest in its funds. Because it is owned by U.S. fund investors, the firm is under pressure to keep reinvesting returns for clients and lowering the cost of investing for its shareholders.

Vanguard's proposed cuts to retiree benefits meant the longest-serving retirees and employees stood to lose access to tens of thousands of dollars of credits for insurance payments by year-end.

One retiree and 20-year-plus Vanguard veteran, Kate

Please turn to page B9