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DST Systems Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Surely. [Operator instructions]. And we'll go now to the line of David Koning with Robert W. Baird. Please go ahead.

David Koning - Robert W. Baird & Co., Inc

Yeah, hey guys. Just wanted to dig a little bit into the discussion around end of '09 accounts. And certainly you are not forecasting any organic movements within the account base. But, when we do look at that 120.8 number that you'd end '09 with, is it fair to assume that, based on what you've seen so far in January and if we do have the market continue to be choppy that that number could be below that to a certain extent?

Thomas McDonnell

Well, I think that's not an unrealistic assumption. Obviously, I think we all are watching some pretty volatile markets and certainly lot of pressure out there overall economically. And you know, one other things I am not sure that's reflected are that we've seen any visible evidence of others that as people get there, year end statements for one case and stuff like that whether there will be any exits.

Also, we normally have some pickup at the first quarter from a new 401(k) participants, but certainly I think if you correlate the current unemployment numbers, with sort of lack of new jobs and then you look at all the layoffs in various companies, it will reflect probably result most likely in certain number of 401(k) cash-ins as people leave their company and many choose to do that.

I think that's certainly going to have some at least downward pressure on the number of accounts. There is no way at this point, David that kind of accurately project that. Because we really haven't seen enough experience with it. I mean I would assume that we'll know quite a bit by the end of first quarter.

And, of course, the other thing they we're usually see by the end of the first quarter is kind of what the level of new IRA and another tax deferred accounts amounts to. At this point, I guess I would have to tell you it would be overly optimistic about that either. But we felt some fairly conservative assumptions into our projections including some best guesses on our part of those. But I can't tell you exact percentages. But we certainly have not been optimistic in the projections. But having said that, I don't there is any reason not to at least consider that those numbers may not materialize.

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