GREENRIDGE
WEALTH PLANNING
PLAN GROW PRESERVE

401 (k) and Defined Contribution Plans

Meeting Your Fiduciary Responsibilities…the 5 things you should know

1. Who is my plan's fiduciary?
Often the trustee who has fiduciary responsibility is the business owner. However, in a corporate environment, it could be more than one person like the owner, CFO and HR manager. With nonprofits, the board of directors and finance committee are often tasked with making decisions for the 401(k) or 403(b) plan

2. Do I have to act as a fiduciary?
Yes! The Supreme Court case ***Tibble v. Edison International*** affirmed that plan sponsors have ongoing fiduciary responsibilities to put the financial interests of plan participants above their own, unless they delegate these responsibilities by appointing a qualified financial professional under Section 3(21) or Section 3(38) of the Employee Retirement Income Security Act (ERISA).

3. What am I required to do as a fiduciary?
You are required to:

- Make decisions that are in the best interest of members of the plan using the "prudent person" rule
- Follow the summary plan description.
- Diversify the investment options within the plan.
- Minimize expenses to defray the costs of the plan and its investments.
- Monitor the investment performance and replace an investment that is no longer appropriate for the plan
- Monitoring all contributions (employee and employer).
- Educating plan members on investment options within the plan.
- Making sure the plan document is being updated to incorporate any changes to the plan and changes in the law that would affect or influence the plan.

4. Does hiring an Advisor take away my fiduciary responsibility?
No! When hiring an advisor to take over fiduciary duties, remember that overseeing the outside fiduciary is one responsibility that can't be outsourced.

5. Can I reduce the amount of Fiduciary responsibility I have with my plan?
Yes! As the plan sponsor, you are generally responsible for selecting these service providers, which is a fiduciary function. For this reason, selecting and monitoring service providers is one of a plan sponsor's most important responsibilities. To help, we've identified common service providers and some of their responsibilities.

The Plan Sponsor (typically the employer), when acting as a fiduciary, is responsible for ensuring the plan is operated solely in the best interest of participants.	**The Recordkeeper** maintains and tracks participant accounts, produces quarterly statements, and provides web and phone access to those accounts.
The Financial Advisor works with the plan sponsor to select and monitor the plan's investments as well as provide employee-related services, such as enrollment and ongoing education. The advisor may act in a nondiscretionary 3(21) or a discretionary 3(38) role.	**The Third-Party Administrator (TPA)** assists the plan sponsor with plan document design, conducts compliance testing and prepares Form 5500. For "bundled" plans, the recordkeeper also serves in this role, but for "unbundled" plans, the TPA is a separate firm.
Additional Service Providers, depending on the plan, could offer the plan a variety of specialized or supplemental services, such as a fiduciary service company, accountant, auditor or attorney. **Investment Managers** select and monitor each fund's underlying securities.	**The Trustee/Custodian** holds the plan assets, receives contributions and makes disbursements from the plan at the direction of a plan fiduciary (typically the plan sponsor). A trustee may also be hired to assume a broader role, with discretionary authority, to manage and control the assets of the plan. Frequently, the recordkeeper serves in this role.

Additional Items to Consider as a Fiduciary

- Update your fidelity bond to meet the amount of assets in your plan
- Have an Investment Policy Statement (IPS) written for your plan to reduce exposure to litigation
- Send out annual notices regarding your plan for your Qualified Default Investment Alternative (QDIA), safe harbor plan, and plans that have automatic enrollment
- If the plan is intended to comply with ERISA section 404(c), has the investment lineup been reviewed to ensure it complies with the required guidelines?
- Employee education: As part of your fiduciary responsibility, you are required to have annual meetings. Make sure your employee/participant education and related materials have been developed and provided, are maintained and reviewed periodically.
- Have methods to analyze the effectiveness of participant education and related materials
- DOL recommends you refinance your 401k at least every 2 years – Have a full review of your plans fees to determine if your plan sponsor or another plan sponsor will provide best pricing

Note: The list below provides details regarding some of the responsibilities of common service providers.
Some service providers may have different responsibilities than what is described.