



# Fiduciary Checklist

## Building Blocks of Retirement Plan Committees

### Confirm Adviser Fiduciary Status



The selection of a 3(21) or 3(38) fiduciary structure is primarily a function of the plan sponsor's desire to retain final decision-making authority. The determination whether to engage your adviser in a 3(21) or 3(38) capacity is determined at the outset of the relationship. Consideration should be given to plan sponsor committee investment sophistication, willingness to cede control over plan assets, understanding of the investment methodology employed and ability to monitor the "Investment Manager" under a 3(38) structure.



#### 3(21) Fiduciary

Under the 3(21) "Investment Adviser" structure, the plan sponsor committee and investment adviser retain co-fiduciary status to the extent that the committee acts on the adviser's recommendations. The plan sponsor though retains final decision-making authority and the adviser has no discretion over plan assets.



#### 3(38) Fiduciary

Under the 3(38) "Investment Manager" structure, the manager does have discretionary control over the plan's assets and does not need the plan sponsor's permission to make changes to the plan investments. A 3(38) manager has a fiduciary duty to prudently manage the plan's assets which includes selecting, monitoring, and replacing investments. The plan sponsor is required to monitor the fiduciary manager. This monitoring responsibility is part of the fiduciary role and is a critical component to ensuring that the fiduciary functions are being undertaken reasonably and properly. Plan officials can never shed 100% of their fiduciary responsibility or the potential for personal liability.

### Establish Governance Structure



#### Committee Charter

Creating a plan oversight and management structure that details the delegation of responsibilities and includes the identification of the committee and its members, committee responsibilities and governing procedures, voting procedures, process for updating members and any limits on their authority.



#### Investment Policy

Documenting the governance procedure plan investment fiduciaries will use for selecting, monitoring and replacing investment options in an ERISA plan to assist with prudent management of plan assets, managing fiduciary liability for both the committee and plan sponsor.



#### Meeting Minutes

Meeting minutes created of all Committee meetings and submitted to the Committee for review and approval. Maintenance of copies of all such meeting minutes as well as other all other critical documents in an online fiduciary center for ease of access.



#### Fiduciary Archive

A secure, on-line portal for storing plan governance policies and documents, committee meeting materials and minutes as well as supplemental ad hoc analytical reports.

## Monitor Plan & Participant Engagement



### Investment Performance Monitoring

Monitoring each investment's asset allocation, sector weightings and underlying holdings to ensure investment options are being managed in the style intended and providing performance attribution analysis as compared to an appropriate benchmark and peer group.



### Model Portfolio Development

Creating a suite of customized model portfolios built to address a wide range of plan participant risk- and/or age-based investment profiles by utilizing various weightings of the funds selected and monitored based upon the plan's Investment Policy.



### Fee & Service Benchmarking

Providing an independent assessment of plan fees and services by comparing the services received from and expenses paid to plan service providers and investment managers to a customized and relevant peer group benchmark to assess the reasonableness of fees paid and the value of services received from each service provider.



### Plan Design Benchmarking

Helping design a retirement benefit that supports the organization's workforce recruitment and retention goals and facilitating an annual discussion on the appropriateness and competitiveness of the current retirement plan design as well as any emerging trends.



### 404(c) Compliance Monitoring

Testing the plan's funds versus the investment tenets of ERISA 404(c) to ensure they are satisfied in an effort to provide the Committee potential relief of legal liability for any losses that are a direct function of the investment directions given by a participant.



### QDIA Due Diligence

Prudent selection and monitoring of a plan's Qualified Default Investment Alternative (QDIA) documents plan investment fiduciaries understanding of the option's attributes beyond risk-adjusted performance such as asset class allocation, eligible investments, portfolio diversification as well as expenses and how these attributes change over time.



### Stable Value Due Diligence

Quantitative performance monitoring supplemented by additional criteria such as sector allocation and credit quality of underlying securities, wrap provider diversity and credit ratings as well as book-to-market value are analyzed to monitor any potential impact to investment performance or liquidity over time.



### General Consulting

Assistance with plan design, legislative compliance, administrative service and fee negotiations, and coordination of internal and external administrative functions. Lead administrative projects and assist in overseeing the work of the administrative services provider.



### Service Provider Request for Proposal

A detailed analysis and ranking of service provider experience, capabilities and fees based on responses to a customized questionnaire discussed with the Committee to identify vendors selected for presentations and includes management of all inquiries, next steps and negotiations with potential providers as well as oversight of plan conversion if applicable.



### Participant Engagement

Partner with the administrative service provider in creating an employee education strategy and overseeing implementation of that strategy, including conducting group meetings with employees annually. These meetings will encompass an educational overview of investment risk and return, portfolio management principles, asset allocation, rebalancing, and assistance with risk tolerance evaluation and portfolio construction. Availability to conduct individual, one-on-one meetings with interested employees on these topics. Discussions with participants will be focused on guidance for the retirement plan and creation and review of written participant communications as a part of its core service offering..