



What are the key fiduciary responsibilities?

- Choosing and monitoring investments (see below)
- Hiring service providers (see below)
- Monitoring service providers (see below)
- Ensuring that fees and services are reasonable (see below)
- Timely deposit of contributions
- Reporting

Choosing and Monitoring Investments—How an investment policy statement (IPS) can help

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| <p>▶ It allows the plan fiduciaries to follow a structured process and communicate the plan's objectives</p> | <p>▶ It provides a clear process for selecting and monitoring investments and managers—and does so outside the “pressure” that can accompany a problem situation</p> | <p>▶ It can help plan sponsors communicate the plan's investment policy to investment committee members—and even to plan participants</p> | <p>▶ It can provide a reference point of continuity as plan fiduciaries change over time</p> |
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Hiring Service Providers—Things to consider*

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| <p>▶ Information about the firm itself: financial condition and experience with retirement plans of similar size and complexity</p> | <p>▶ Information about the quality of the firm's services—the identity, experience, and qualifications of professionals who will be handling the plan's account; any recent litigation or enforcement action that has been taken against the firm; and the firm's experience or performance record</p> | <p>▶ A description of business practices: how plan assets will be invested if the firm will manage plan investments or how participant investment directions will be handled; the proposed fee structure; and whether the firm has fiduciary liability insurance</p> | <p>▶ An employer should document its selection (and monitoring) process, and, when using an internal administrative committee, should educate committee members on their roles and responsibilities</p> |
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Monitoring Service Providers*

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| <p>▶ Reviewing the service providers' performance—on a regular basis</p> | <p>▶ Reading any reports they provide</p> | <p>▶ Checking actual fees charged</p> | <p>▶ Asking about investment policies and practices (such as trading, investment turnover, and proxy voting)</p> | <p>▶ Following up on participant complaints</p> |
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Ensuring that Fees and Services Are Reasonable*

- ▶ After careful evaluation during the initial selection, you will want to monitor plan fees and expenses to determine whether they continue to be reasonable in light of the services provided
- ▶ In determining the number of investment options and the level and types of services for your plan, it is important to understand the fees and expenses for the services you decide to offer
- ▶ The cumulative effect of fees and expenses on retirement savings can be substantial

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