Fulfilling Your Fiduciary Responsibility Begins with a Careful Process

Clear standards exist for managing a company-sponsored 401(k) or ERISA 403(b) plan. If you help oversee the plan, you may be a fiduciary. This role comes with important expectations for care, oversight and decision-making.

A key fiduciary duty is ensuring the plan's investment menu is appropriate for participants as they save for retirement. Fiduciary responsibility is about following a careful, well-documented process, not just focusing on results.

To meet these fiduciary standards, many plan sponsors follow these basic steps to guide their process.

Step one: Set up a plan administrative committee
A committee helps make sure retirement plan decisions match your organization's rules. Members are usually company officers or others involved in plan decisions. Because of this responsibility, many sponsors ensure they have the right fiduciary insurance.

Step two: Create an investment policy statement
An Investment Policy Statement (IPS) guides the committee by explaining how the investment menu is set up and how to evaluate or replace options. A clear IPS shows that decisions are thoughtful, consistent and follow set standards.

Step three: Regularly review the investment menu
Regular review is key to good fiduciary oversight. Committees usually meet on a set schedule to check if options still meet IPS standards. Funds that do not perform may go on a watch list for possible replacement. Keeping meeting notes and updating your recordkeeper helps keep the process consistent.

When to Seek Extra Support

If you do not have the resources or expertise to review an investment menu, a financial professional can help. A solid process can help support participant outcomes and gives you the documentation you need for decision reviews.

As a plan sponsor, showing care, skill and diligence when managing employee retirement savings is an important responsibility.

Plan sponsors need to show that their decisions are made with care, skill and diligence.

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Starting With a New Approach

If you already sponsor a plan or are considering starting one, joining our pooled plan arrangement can provide additional support by centralizing key fiduciary tasks and simplifying administration.

We use a documented investment framework with an IPS. Investment options are reviewed using an analytics matrix that assesses performance, consistency, risk, assets, longevity and expenses.

We review the investment menu every quarter to ensure it still aligns with the plan's needs.

With this setup, most of the ongoing investment oversight is managed for you, so you can keep a disciplined fiduciary process.

Want to Learn More?

Contact us today to schedule a retirement plan consultation and see how our specialists can help you decide if this approach fits your company's needs.

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