

Understanding the Fiduciary Role as a Plan Sponsor



If your company sponsors a 401(k) or 403(b) plan, there is a good chance you're already a plan fiduciary. Every qualified retirement savings plan must have at least one, and if you play a role in managing the plan or its assets, that responsibility may rest with you.

Who Qualifies as a Fiduciary?

A plan fiduciary is anyone who has control or makes decisions about the plan and its assets. This usually includes:

- Plan trustees.
- Members of the plan committee.
- Investment advisors to the plan.
- Other individuals with discretionary authority over the plan.

If you help approve the investment menu or handle distribution and loan requests, you also have fiduciary responsibility.

What Does ERISA Require?

Under the Employee Retirement Income Security Act of 1974 (ERISA), fiduciaries must, among other things, operate the plan exclusively to provide benefits and pay reasonable expenses for plan operation. This duty requires that fiduciaries make decisions that will facilitate the accumulation of adequate retirement savings for the employees they serve.

In practice, this means making choices that help employees save enough for retirement. Fiduciaries are responsible for all parts of the plan that could affect participants' ability to accumulate adequate retirement savings.

Your Key Responsibilities

As a plan fiduciary, you're expected to:

- Select and monitor investments. Carefully choose and regularly review the investment options offered to participants.
- Oversee service providers. Regularly check the plan's recordkeeper, third-party administrator and investment advisor.
- Encourage participation. Help employees see why contributing to their retirement plan and saving enough matters for their retirement goals.
- Support informed decisions. Provide employees with assistance in allocating their funds appropriately within the plan.
- Monitor plan expenses. Make sure any costs paid from plan assets are reasonable for the services received, since plan fees and investment costs directly affect how much participants can save.

Fiduciary responsibility can feel like a heavy load for a plan sponsor. A pooled plan arrangement can help ease that burden and lower your overall fiduciary risk.



A Way to Lighten the Load

If handling all your fiduciary duties feels overwhelming, you're not alone. Many plan sponsors find they don't have enough time or specialized knowledge to confidently manage every task.

Joining a pooled plan arrangement can give you the support you need. With help from the plan's trusted advisors, important fiduciary tasks are handled for you, such as:

- Selecting and monitoring the plan's investment menu.
- Delivering prospectuses as participants make their initial investments.
- Maintaining all plan documents.
- Providing a Qualified Default Investment Alternative.
- Distributing all required notices, including Summary Plan Descriptions, to each participant.
- Selecting service providers and monitoring plan expenses.
- Offering participant investment education.

For more information, contact:

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