



PLAN SPONSOR ACADEMY

WHAT STEPS CAN PLAN SPONSORS AND RETIREMENT PLAN COMMITTEE MEMBERS TAKE TO PROTECT THEMSELVES?



When managing a qualified retirement plan, there are certain duties the plan sponsor and committee members have to the plan and participants as named fiduciaries. These duties create liability for the plan sponsor and committee members for decisions made regarding the plan. In recent years, retirement plan lawsuits relating to fees have become more prevalent. Additionally, these suits are beginning to impact smaller plans, such as the Greystar 401(k) plan in 2019 which had less than \$250,000,000 in assets. How can plan sponsors and committee members ensure that they are taking all the necessary steps to protect themselves?



1. Develop Well Documented and Structured Processes to Monitor Investments

Investment selection goes beyond lowest cost or best performing investment. Instead, a holistic review of the fund's fees, performance and other metrics leads to better investment options for the participants and more liability protection for the plan sponsor and committee.



2. Establish an Investment Committee to Oversee the Plan

Having a dedicated team of plan fiduciaries improves oversight of the plan. Provide fiduciary education to your investment committee to help them understand the responsibilities they have to the plan and participants. Members also have a vested interest in the 401(k) plan as participants which encourages informed decision making when managing the plan.



3. Regularly Review Plan Fees as Demographics and Assets Change

As plan assets and personnel change, it is important to review the fees and services associated with the plan. The fiduciary investment committee should meet and review the plan fees, features and processes at least annually to ensure the plan is operated in the best interest of the participants.



4. Work with a Plan Advisor Whose Processes are Rigorously Reviewed

It's helpful to hire a 401(k) plan advisor but how do you separate the good from the great? When reviewing potential candidates, check to see if they hold any fiduciary certifications that confirm their practices conform to the highest standard of care. Working with such an advisor can reduce a plan sponsor's exposure to lawsuits and promote the strongest possible plan outcomes for participants.

In today's environment, plan sponsors and committee members face greater scrutiny for plan decisions. Lawsuits are increasing and beginning to impact smaller plans. That trend is expected to continue. Protect your plan and committee by working with an advisor who has their processes rigorously reviewed by an external organization. Innovative Investment Fiduciaries, LLC is a CEFEX certified organization that focuses solely on retirement plans. For any questions on how you can protect yourself as a plan sponsor, please feel free to call (856)-242-3330.