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NOW IS THE TIME TO REVIEW FIDUCIARY RESPONSIBILITIES

With the continued growth of lawsuits and DOL enforcement, **Fiduciary Responsibility** is at the forefront of retirement plan issues. By staying proactive with your clients and understanding these duties, you can bring added value and increase your business.

The case of Tibble held that it is not enough to set it and forget it. The case law and regulations require that plan trustees **Review, Benchmark and Document** service providers, fees and services at least once a year. The questions then become WHICH service providers and WHAT to review for each one. Click here for areas of review.

THIRD PARTY ADMINISTRATOR (TPA): The TPA is responsible for the administrative duties which generally include document preparation, annual testing and filing of the 5500 reporting form. You should begin with the service agreement and fees to be paid. The service agreement will outline the functions and duties of each party. Are the fees outlined? Are you paying extra for additional calculations or being nickel and dimed throughout the year?

In addition, make sure **third party payments** paid to the TPA are being offset against administration fees. They are often hidden and difficult to find, but important in the review process. Not all fee schedules are the same when the actual fees are paid.

Plan Design is another area for review. Is the plan currently meeting the employer's goals? Has the business grown, or has the employee demographics changed? Are profits up or down compared to prior years? By adding a defined benefit plan, changing a SEP to a 401(k) plan, or using a class allocation method, there are multiple planning options that should be discussed and explored. To learn more about this area of review, join our webinars here.

Administrative Competence is an important area for review. Has there been turnover of staff? Are calls answered timely and accurately? Are problems solved or only more problems discussed? Many administration firms are only interested in growth and don't have the staff to properly handle their clients. If your administrator is overworked or frequently changed, there can be communication and problem solving breakdown. Now is the perfect time to make a move as October 16th approaches. Here's some help.

Legal Issues may arise that require special attention. Real estate in the plan, controlled or affiliated service groups, DOMA, and failed tests may all raise special legal issues in retirement plans. Having a good legal understanding of the various issues involved and the compliance programs available will help a trustee navigate these complex legal questions. A good administrator will have an attorney available in case these issues arise. Review your service agreement with regards to these matters and judge accordingly. Attend our legal issue webinar to get a better understanding of how these issues may be identified and resolved.

RECORDKEEPER: These professionals are generally tasked with keeping the individual accounting, investment change and web access on participant 401(k) accounts. These services are provided through a bundled or unbundled provider. Most recordkeepers' functions and fees are hidden in the investment company's duties. A review of this area will tell you whether you are in an unbundled or bundled arrangement. In both approaches, their fees are hidden in the investment fees, but may be extracted by careful review. Start with the service agreements then follow up with the basics.

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Communication to employees is a primary duty of recordkeepers. Is the website user friendly? Are trades and changes executed accurately and timely?

Overall responsiveness, process and system improvement and ease of use are all areas ripe for review. In addition, determine how much and who is paying the fees. In many cases, the fees are paid by the participants and are hidden or hard to determine. It is important to find out these answers so that you may review and benchmark them against other recordkeepers.

INVESTMENT AND FINANCIAL ADVISORS: These are the people who generate participation and actual returns. They should have a personal working relationship with their clients. Are they holding employee meetings and bringing the trustees the information they need to conduct their fiduciary reviews? Have they referred the best options for the company or the one that pays them the most? Are they bringing multiple options and outlining the pros and cons of each option so that the trustees may make an informed decision? The cheapest is not always the best given each circumstance.

As the plan assets grow, the percentage paid for service should be lowered. Portfolios should be rebalanced. A good financial planner will stay on top of these issues and keep their trustees out of trouble.

As the quarterback of the retirement plan team, it is imperative that they have some basic understanding of these plans and the resources to provide the services the clients need. Review the investment fees and returns and figure out who and how much everybody is getting paid to work on the plan. They should meet and review the plan with the trustees and employees throughout the year and be available for questions as needed.

In Conclusion, be proactive and responsive to your clients. Educate yourself on the issues involved and bring additional value. Call your clients and see how their year and experience was regarding their plans. If need be, make a change. Call us with questions or learn more at our webinars and be ready to take care of your clients!