



## 3 Tips to Help Build and Run a Successful Retirement Plan Committee

If you are looking for ways to improve fiduciary oversight and strengthen your company's retirement plan, a committee is one of the best places to start. Here's how it works.

Retirement plan committees manage one of the most important employee benefits – the retirement plan. They are integral to determining the plan's administration, investment offerings, costs and enhanced features.

Committee members provide fiduciary oversight for companies of all sizes. So how do you establish a committee?

### 1. Build Your Committee with Professional Expertise

- **Company leadership** | Primary decision-makers at your company typically sit on the retirement plan committee. Often, they include the President, CFO, Controller and/or human resources representatives.
- **Financial advisor** | Helps establish the committee, provides operational insight, liaisons with service providers, reviews and monitors investment performance, may offer fiduciary training, assists with financial wellness programs, benchmarks plan fees for reasonableness, recommends outside experts and supports plan management.
- **Plan administrator** | Oversees and manages the day-to-day operations of the plan.
- **Third party administrators (TPA)** | Advises on plan compliance, plan design recommendations and administrative updates.
- **Recordkeeper** | Tracks plan participants, plus investment and financial activity.
- **Legal counsel** | Possesses Employee Retirement Income Security Act (ERISA) and compliance expertise. This is important since between 2019 and 2020, there was a fivefold increase in class action lawsuits challenging 401(k) plan fees.<sup>1</sup>

**DO** have an appropriate committee size. Smaller organizations are more likely to have fewer than five members while large organizations generally have between five and ten.<sup>2</sup>



## 2. Run Your Retirement Plan Committee

Now that your committee is up and running, it's important to follow through on key responsibilities.

- **Investment policy statement (IPS):** Once created, the IPS guides the process of selecting and then monitoring plan investments. The IPS is also used to benchmark the plan's goals, objectives, funds and fees.
- **Meeting minutes:** Every retirement plan and investment committee meeting must produce detailed minutes that capture attendees, meeting date and location, decisions and discussions. Minutes are potentially used in legal challenges to ensure that members were executing their responsibilities correctly.
- **Committee charter:** While not required, it's a prudent step to have a charter that defines members' roles and responsibilities, the overall structure, meeting frequency, fiduciary duties and how the plan will be governed.
- **E-Delivery Rule:** The Department of Labor rule allows plan administrators to abide by information disclosure requirements under ERISA by distributing documents to employees electronically under a "notice-and-access" method. It is accomplished by providing retirement plan documents on a website (and notifying participants about the availability and access), or by emailing them directly to plan participants.<sup>3</sup>
- **Investments watch list:** During investment monitoring, an underperforming fund may be placed on a "watch list" because it is not meeting the IPS's criteria. The committee should then document how long the fund will be watched and any other considerations about its future.

## 3. Always Act as a Fiduciary

- Committee members have a duty to act as fiduciaries and make decisions in the best interest of plan participants. Plan fiduciaries are held personally liable for any losses that occur because of errors, omissions or a breach of their fiduciary duties.
- Fiduciary duties mean always trying your hardest when making decisions that impact others. To demonstrate your fiduciary commitment, have regular meetings (the most common schedule is quarterly), follow your investment policy statement and always document the process.<sup>4</sup>

**A successful retirement plan committee is key to a well-run retirement plan but, most importantly, its outcomes can help employees toward achieving retirement security.**

**Building and running a successful retirement plan committee doesn't have to be difficult. Follow these three easy tips and contact us to get started today!**

### LEGACY PLANNING

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<sup>1</sup> Bloomberg Law. "401(k) Fee Suits Flood Courts, Set for Fivefold Jump in 2020". Aug. 2020.

<sup>2</sup> Plan Sponsor Council of America. "Retirement Plan Committees." PSCA.org. Apr. 2021.

<sup>3</sup> Reish, Fred. "The New E-Delivery Rule: The Price of Simplification." ASPPA.org. 29 Jan. 2021.

<sup>4</sup> Plan Sponsor Council of America. "Retirement Plan Committees." PSCA.org. Apr. 2021.