



Retirement Plan Committee Best Practices

Every retirement plan is different. This document was created to help plan sponsors develop and maintain a committee that operates in the best interests of their plan participants and individual plan makeup.

First Things First: Overview of Fiduciary Responsibility

Fiduciary responsibility under ERISA can be boiled down to three key elements: 1) establish a prudent process; 2) adhere to the process; and 3) document the process.

The guiding principles of fiduciary responsibility are:

- Decisions must be made in the best interest of the plan and its participants.
- Investment options must be appropriately diversified.
- The plan's assets must be managed in a prudent and responsible manner (includes engaging experts when appropriate).
- The plan's costs must be reasonable.
- The plan document must be followed and consistently applied.

Forming a Retirement Plan Committee

- Establish by-laws and a charter so that attendees understand what they are expected to accomplish. Include the purpose of the committee, responsibilities, logistics (how often will the committee meet and where), required and optional attendees, and how actions and discussions will be documented for fiduciary file retention.
- Who? – Size is important. Too many people can lead to inefficiency, and too few may not provide enough resources to get tasks accomplished or effectively evaluate decisions. Consider the following parties for meeting attendance: plan fiduciaries, at least one member of senior management, the plan or company's legal counsel, and representatives from external vendors (depending on the topics to be discussed) including: the plan's trustee or custodian, recordkeeper, third-party administrator, investment advisor, etc.

Running the Committee

- Consider a consultant to help run the meetings. Consultants (such as an investment advisor or benefit plan specialist) work with plan committees regularly. They can comment on recent regulatory updates or changes, and can bring insight obtained from peers when it comes to decision making. They can assist with drafting minutes and an investment policy statement as well.
- Plan to meet at least quarterly, more frequently during times of plan changes and updates.

Documenting the Results

- Designate a person to take detailed minutes for fiduciary file retention.
- Minutes of meetings should include an overview of discussions held, results of plan decisions, evidence of the review of investment fund performance and fee benchmarking, current plan trends (such as enrollment and participation status), regulatory updates and their impact on the plan, consideration of vendor selection and evaluation, etc.

Eide Bailly is here to help. Please contact any member of your engagement team for additional information or questions. We are networked with several reputable consultants and would be happy to refer you to one should that be of interest to you.