

## PLAN GOVERNANCE & DOCUMENTATION

There are three basic categories of fiduciary functions for a typical participant-directed retirement plan. The following chart provides a framework to help plan fiduciaries allocate responsibilities among the committee members. Fiduciaries should consult with a knowledgeable retirement plan advisor to ensure the structure adopted aligns with plan objectives and resources. On an ongoing basis, information relied upon by the fiduciaries to make decisions should be documented and retained.

### FIDUCIARY FUNCTIONS



#### INVESTMENTS

ERISA requires fiduciaries to follow a prudent process when selecting/monitoring/replacing investments. Sec. 404(c) protects fiduciaries that offer a “broad range” of diversified Designated Investment Alternatives (DIAs). If participants are automatically enrolled, fiduciaries must designate appropriate Qualified Default Investment Alternatives (QDIAs). When fiduciaries lack investment-related expertise, they are required to hire professional assistance (e.g., investment education, advice and/or management).

##### Evaluation

- How much help do participants need in planning and investing for retirement?
- What behaviors do participants exhibit regarding risk tolerance, withdrawal patterns, etc.?
- What is the appropriate number/type of investment options to make available to participants?
- What criteria should govern the process for selecting, monitoring and replacing DIAs and QDIAs, model portfolios and investment managers, if applicable?

##### Output

Documentation of information reviewed and basis for decision to select, monitor and replace investments.



#### ADMINISTRATION & REPORTING

Fiduciaries are responsible for ensuring that the plan is properly administered and certain notices, disclosures and forms are provided to participants and regulators. The 408(b)(2) disclosures should contain the data necessary to prepare disclosures to participants under 404a-5 and for completing the Form 5500 and Schedule C, if applicable. Fiduciaries should be familiar with the plan document and create a process to oversee eligibility and vesting. The plan advisor may assist by coordinating service provider assistance.

##### Evaluation

- What are the policies concerning, and who is responsible for approving, loans and distributions, and who will ensure contributions are deposited?
- What notices, forms and/or disclosures are required to be provided to participants and at what frequencies?
- What records will be used to reconcile information required to determine eligibility and vesting?
- Who is responsible for preparing, approving and distributing notices, disclosures and filings?

##### Output

Copies of all required notices, disclosures and filings and any supporting information and/or notes.



#### SERVICE PROVIDERS

Fiduciaries are required to make informed decisions when selecting, monitoring and replacing service providers. Sec. 408(b)(2) requires all “covered” service providers to disclose certain information, including a description of the services and all direct and indirect compensation received. To avoid entering into a prohibited transaction, fiduciaries must evaluate this information, prior to selection and periodically thereafter, to ensure the services are necessary and terms and compensation are reasonable.

##### Evaluation

- What are the needs of the plan/participants?
- Are participants satisfied and are services utilized?
- What is the experience and background of the service provider?
- How is the service provider compensated?
- Are there any potential/actual conflicts of interests that may affect the judgment of the service provider?
- Is the compensation received reasonable in light of the value of the services provided?

##### Output

Documentation of information reviewed and basis for decision to select/retain service provider.



## FIDUCIARY FILE

## DOCUMENT RETENTION FIDUCIARY FILE MAP

Maintaining accurate records and properly documenting decision-making processes are primary responsibilities of retirement plan fiduciaries. This document retention file map, when combined with a proper plan committee structure, will help support fiduciary compliance and create an exam-ready fiduciary file covering three primary categories. Use this map with the PRI Plan Governance & Documentation Chart to illustrate a comprehensive fiduciary governance process.



# EXAM-READY FIDUCIARY FILE



## INVESTMENTS

### Investment Policy Statement (IPS)

Copy of IPS

### Reporting

- Investment Selections and Monitoring Reports
- Model Portfolio Allocation and Performance Reports
- Other Investment Reports and Research
- 3(38) Investment Fiduciary Selection and Monitoring Material and Reports

### Committee Meetings

- Meeting Minutes
- Documentation Resulting From Action Items



## ADMINISTRATION & REPORTING

### Plan Documents

- Plan Document (With Amendments & Restatements)
- Trust Document
- Summary Plan Description (SPD)
- Determination Letter(s)
- Delegations of Fiduciary Duty

### Notices

- Benefits Statements
- Notice of right to diversify out of employer securities
- 404(c); Auto Enrollment/QDIA; 404a-5 (Annual); & Blackout

### Bonding & Insurance

- Copy of: Fidelity Bond; Fiduciary Liability Policy; Etc.

### Service Provider Agreements

- Custodial; Investment Advisor; Recordkeeping; Etc.

### Participant Communications

- Enrollment Records
- Beneficiary Designations
- Contribution Elections
- Employee Meeting Attendee Lists
- Distribution Records
- Proof of 404a-5 Notice Distribution

### Discrimination Testing

- Testing Records

### Regulatory Filings

- 5500 & Other Financial Statements & Filings

### Committee Meetings

- Meeting Minutes
- Documentation Resulting From Action Items



## SERVICE PROVIDERS

### Plan Needs Analysis

- Documentation of plan and participant needs

### Requests for Proposal (RFP)

- Compiled Results
- Provider Proposals

### Fee Disclosure Statements

- 408(b)(2) Fee Disclosure Reports

### Benchmarking & Performance Analysis

- Benchmarking Reports
- Fee & Service Reviews

### Committee Meetings

- Meeting Minutes
- Documentation Resulting From Action Items