

Staying Organized – a Fiduciary Checklist

The following are ideas that fiduciaries may want to consider in fulfilling their fiduciary responsibilities. Plan sponsors should consult their ERISA attorney, service provider, investment professional or consultant for further guidance.

Auditing Your Plan

Use an IRS-approved plan document.

Keep a copy of the determination letter with the plan document. Most prototype documents have been approved by the IRS.

Update the plan document for all the required legislative provisions.

Inform participants/beneficiaries of plan rules.

Maintain a Summary Plan Description (SPD), updated for all plan design changes, and distribute to all participants. ERISA requires that SPDs, Summary of Material Modifications, and Summary Annual Reports are automatically disclosed to participants/beneficiaries within specified timeframes.

Participant eligibility.

Verify the plan covers the right employees and does not exclude employees who may be entitled to participate in the plan. Verify that the plan's definition of eligible employee is consistent with the way the plan is administered.

Determine the plan fiduciaries with assistance from ERISA counsel.

Ensure the fiduciaries understand their responsibilities. Check the plan documents and trust agreements to ensure that the plan fiduciaries have been appointed accordingly.

Review the plan provisions.

Determine whether changes are necessary to improve the plan or accommodate the company's workforce.

Provide notice to participants.

Ensure all appropriate notices are provided to participants by the required deadlines (e.g. safe harbor, automatic contributions, etc.).

Annual meeting.

Conduct at least an annual meeting with the retirement committee and/or plan fiduciaries – record and distribute detailed minutes of these meetings, including all decisions, to the committee and/or plan fiduciaries.

Review “compensation.”

Review the plan document and verify that the correct compensation amounts are being sent to the service provider(s).

Collecting employee contributions and loan repayments.

Review the process for forwarding contributions and loan repayments to the provider and investing the contributions and loan repayments in a timely manner.

Review the ERISA fidelity bond.

Determine whether the bond covers fiduciaries, as well as other employees or third parties involved with the retirement plan.

The bond must be at least 10% of plan assets up to \$500,000 (\$1,000,000 for plans with company stock).

Insurance.

Carry fiduciary liability insurance on all fiduciaries.

- Maintain a written investment policy.**
Contact your provider or go to www.pasca.com or www.401khelpcenter.com for a sample investment policy.
 - Plan investment lineup.**
Maintain a broad, well diversified plan with different risk and potential return characteristics.
 - Review the plan's investments.**
Document the review, including discussions and decisions regarding the evaluation and replacement of poorly performing investment options. This should be completed at least annually or in accordance with the requirements of the plan's written investment policy statement.
 - Review the appropriateness of the plan's default investment.**
Designate a qualified default investment alternative.
 - Plan fees.**
Review all plan fees, including investment and participant fees to ensure they are reasonable for the services provided. Refer to the Department of Labor web site (www.dol.gov) for information on fees.
 - Conduct educational meetings.**
Provide financial, investment and retirement information for participants.
 - Provide ongoing communication on investments to participants.**
Consider targeted communication based on the various demographics of participants.
 - ERISA Requirements.**
Ensure that all requirements under 404(c) are being met if the plan intends to comply with ERISA 404(c). Ensure the Form 5500 and SPD indicate the intent to comply with the 404(c) requirements.
 - Annual review of outside experts.**
Conduct an annual review of all outside experts hired to assist the fiduciaries. Document the review with minutes of the meetings, important discussion items and decisions that are made.
 - Documentation.**
Document all procedures and decisions and maintain all documents in a central due-diligence file.
 - Enhance relationships with service providers.**
Meet regularly with the investment consultant, investment professional, trustee and/or provider to help educate fiduciaries and ensure proper due diligence and decision making. Document the meetings and issues discussed, as well as any decisions made from these meetings.
 - Other considerations for your plan:**
-
-
-
-

Keeping It on File

Fiduciaries should follow a well-defined procedure for fulfilling their fiduciary responsibilities and keep a well-documented due diligence file. This file can include all the information and documentation listed above.