



Six Smart Steps for Wise Fiduciary Management

Understanding and communicating plan fees is just one way to be a prudent fiduciary. Another way you can assure your plan participants of good financial management is to put your plan out to bid every two to three years. While this will require extra effort from the plan sponsor, the benefits can be worth the process to ensure reasonable fees and justify services. Some companies hire a third party consultant to handle the process, taking the burden off of the plan sponsor. However, the plan sponsor is ultimately responsible and will still need to prepare search information. Here are six steps to initiating a search:

1. Document the current situation of services provided and costs/fees. Determine if additional services are needed or desired.
2. Write an RFP to include the following information:
 - a. Current plans the provider administers.
 - b. Experience with retirement plan administration.
 - c. Types of proprietary investments and their performance history.
 - d. Administrative process for plan sponsors and participants.
 - e. Pricing
 - f. Transition plan
3. Distribute the RFP to no fewer than three providers.
4. Conduct site visits based on best possible candidates revealed by the RFP submissions.
5. Document decisions and criteria for each step of the selection process, including:
 - a. Contract terms
 - b. Performance standards
 - c. Reference checking
 - d. Fee negotiation
6. Make a recommendation to an internal committee of fiduciaries. Invite plan participant representation.

Plan administration is a competitive market. You may find that your existing vendor is the best one for the job. But you'll be well-covered and documented in your decision to retain services. Clarity and communication are the keys to best fiduciary management of your retirement plan.