6 Key Fiduciary Questions:

1) **Does the plan have an Investment Policy Statement? Is it followed in actual plan investment offerings?**
   Y N

   An IPS should outline the specific quantitative and qualitative criteria used for inclusion, monitoring, 'watch list' and removal of investment choices.

2) **Does the plan have a way to INDEPENDENTLY review the investment choices on a regular basis, consistent with the Investment Policy Statement?**
   Y N

   Vendor-supplied data is not adequate. Blanket 'guarantees' from non-fiduciary vendors are not adequate. Trustees must review investments using a documented fiduciary process. <u>Offering participants a long 'grocery list' of funds **WILL NOT** remove the Trustees responsibility to monitor and manage each investment choice offered in the plan</u>. Quantity is not a substitute for quality in this area of ERISA regulation.

3) **Have all costs of the plan been documented?**
   Y N

   Under ERISA 408(b)(2) rules ALL costs of the plan must be documented. This includes the plan's investment-related costs, both direct and indirect. Common "investment revenue sharing" arrangements that use investment fees to pay for other plan services are still allowed but who is being paid from that revenue, how much, and for what services must be line-itemed.

4) **Has the plan received competitive quotes from other vendors in the last 3 years?**
   Y N

   Trustees have a fiduciary responsibility to ensure that plan costs are reasonable for the services provided. The most effective way to demonstrate compliance is to regularly benchmark the plan's costs against others with similar demographics and/or submit the plan to competitive bid against others available in the market.

5) **Is there a process in place to insure that all sponsor compliance steps have been completed annually?**
   Y N

   Plan must be in compliance with all ERISA and IRS required disclosures- 404(c) notices, QDIA notices, Safe Harbor notices, Summary Annual Reports, Investment disclosures, etc.

6) **Is a fiduciary file being actively maintained that documents compliance with all of the above fiduciary responsibilities?**
   Y N

   Department of Labor and IRS only recognize documented activities.

An answer of 'NO' to any of these 6 basic questions indicates that the plan sponsor is likely <u>not in compliance</u> with one or more of the fundamental fiduciary responsibilities they have to their plan. A corrective action plan should be developed and implemented as soon as possible.