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Plan Sponsors: Still Think Your Retirement Plan Is Only About The Investment Menu?

WEALTH MANAGEMENT
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While the DOL fiduciary rule now has a full compliance date of January 1st, 2018, generally, the applicability date was June 9, 2017. Regardless of this ongoing saga, acting in the best interests of plan participants is a commitment plan sponsors will continue to face. What does that mean exactly? Addressing this question takes you down a path of how advisors and plan sponsors review their plans and their effectiveness to begin with. Reviewing investment menus and making changes to menus tends to be the primary focus of “fiduciary review meetings.” While this is of obvious importance, the investment menu should be a “tab” during the review and should not be the primary topic of every meeting. Build a menu of funds with recommendations of plan advisors, specify the criteria as to how the funds will be selected and evaluated and make changes as needed.

On to the next “tab.” As a plan sponsor, are you and your advisor addressing other aspects of the plan? Analyzing participant metrics is another key component.

- Are your employees able to successfully retire? Do you have a way to measure this?
- What is the average deferral percentage of your plan? Do you have a plan to increase this?
- Have you discussed plan design since it was originally written? Does your current match make sense? Are there ways to change the match structure to incentivize participants to increase deferrals and, thus, improve plan testing?
- What financial wellness tools do you have in place for employees to utilize and project where they are heading in terms of balances and retirement goals? Are they using them? Has your advisor discussed this with you?
- Does your plan have a licensed Financial Advisor with whom participants can meet and call? Is this of importance to you as a Plan Sponsor?
- How are the Target Date funds selected for the menu? Fees only? Are the fund weightings considered and reviewed? These types of funds vary greatly, especially as participants get closer to retirement.

These are just some of the items plan sponsors and plan advisors should be addressing during fiduciary review meetings, with the main goal being that your employees can someday successfully retire. Right? It’s great that you have a five-star investment menu. Now, do you think you have a five-star retirement plan?

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