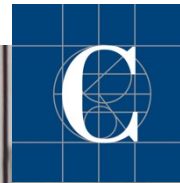


# Q2 2024 FIDUCIARY TRAINING: RETIREMENT PLAN GOVERNANCE

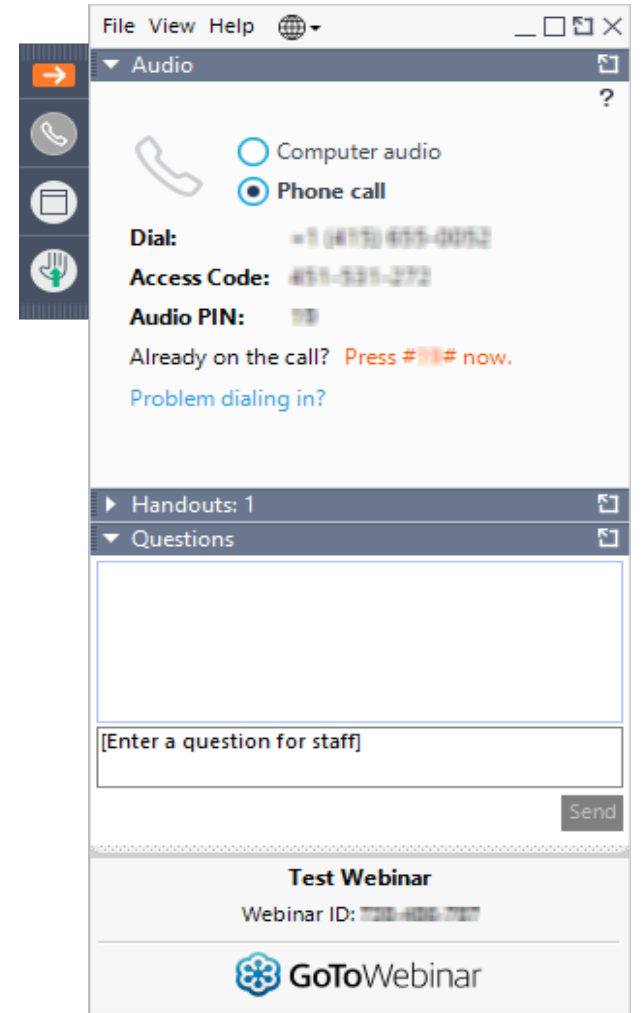
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# Information About Today's Session

- Select “Phone call” to dial in.
- All attendee lines are muted.
- Questions can be asked by typing them into the questions pane on the control panel, and there will be time at the end of the session to answer questions.
- Submitted questions will not be visible to other audience members.
- Today's session is being recorded.





**DAWN MCPHERSON, QPFC**



[Dawn.McPherson@captrust.com](mailto:Dawn.McPherson@captrust.com)



**TIMOTHY IRVIN, CFP<sup>®</sup>,  
QKA<sup>®</sup>, CFPA<sup>®</sup>, AIF<sup>®</sup>**



[Tim.Irvin@captrust.com](mailto:Tim.Irvin@captrust.com)



**ABIGAIL RUSSELL, ARPS**



[Abigail.Russell@captrust.com](mailto:Abigail.Russell@captrust.com)



**JOHN SCHEMBARI, PARTNER**  
**KUTAKROCK**



[John.Schembari@kutakrock.com](mailto:John.Schembari@kutakrock.com)

# Plan Governance Overview

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## What is retirement plan governance?

- Oversight needed to maintain a compliant plan
- Framework for making effective decisions

## Why is it important?

- Demonstrates processes and procedures for making decisions
- Helps committees meet fiduciary responsibilities
- Demonstrates compliance with regulatory and compliance requirements
- Helps to mitigate risk

# Why Is Plan Governance Important?

***-ATTENTION-***

If you are a retiree of

***Northrop Grumman***

or a current participant in its 401k Plan,  
we would like to speak with you about your pension benefits.

*Please call:*

**Jerome J. Schlichter**

**Law Offices of**

**Schlichter Bogard & Denton**

**1(800) 873-5297**

This is a legal advertisement by:

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**\$300,000,000.00+**

# Who Are Fiduciaries? (And Non-Fiduciaries)

## Ministerial:

- Maintaining records
- Preparing benefit statements
- Processing claims and loans

## Fiduciary:

- Interpreting the plan
- Hiring and monitoring service providers
- Communicating with participants
- Administering the plan

## Settlor:

- Choosing and establishing a plan and plan options
- Amending a plan
- Terminating a plan



# Fiduciary Roles

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## Fiduciaries

- Plan administrator, investment selection and management
- Trustee
- Investment advisor

## Non-Fiduciaries

- Recordkeeper
- Auditor
- Actuary
- Outside counsel

# Fiduciary Duties

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Exclusive Benefit

Prudent Person

Follow Plan Documents

Diversification

No Prohibited Transactions



# Plan Governance Review

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- Review governance structure with legal counsel or outside advisors. This will encourage discussion regarding governance philosophy, concerns, and industry best practices
- Committee may discuss findings and be comfortable with the structure, roles and responsibilities.
- Plan governance documents are finalized, committee seeks approval and process is documented in meeting minutes.
- Participate in fiduciary training for committee (and other staff as desired). Document training in meeting minutes.
- Periodically review plan governance and deliver fiduciary training in the event of committee turnover, significant organizational changes or passing of time.

# Fiduciary Governance

## Why is fiduciary governance important?

Recent litigation has shown that most fiduciaries' problems result from process issues rather than the decisions they make. Fiduciary issues—and liability—relate primarily to things fiduciaries failed to do, understand, or otherwise consider. Fiduciaries have an obligation to be engaged and to ask questions so that they are prepared to answer the question “why?”

Questions plan fiduciaries should know the answer to...

### FEES

- Who is the plan paying?
- How much is each party receiving and from what sources are they being paid?
- What services does the plan receive?
- Are the plan fees reasonable?
- Are the fees equitably distributed to participants?

### INVESTMENTS

- Is there a formal Investment Policy Statement (IPS)?
- Do we consider all share classes when selecting and monitoring investments?
- Did we follow and document a process to select our qualified default investment alternative (QDIA)?
- Have we discussed ESG investing, and do we understand recent DOL guidance surrounding these type of investment?

### COMPLIANCE/OPERATIONAL

- Have all Committee members read the plan documents and become familiar with them?
- Are meetings minutes used to document the plan reporting and fiduciary process management?
- Are bonding and insurance coverages up to date?
- Has legal counsel reviewed the plan governance and oversight structure?
- Are we meeting disclosure requirements?

### OTHER CONSIDERATIONS

- Do we understand our providers' cybersecurity processes and methods employed to keep participant data safe?
- Have we reviewed our provider's process for the identification and location of missing participants?
- If the plan offers employer securities is appropriate oversight exercised?
- Do we monitor self-directed brokerage platforms and account arrangements?

# Key Takeaways | Helpful Governance Practices

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- Establish committee, define responsibilities, document plan governance, and decision-making process, implement committee documentation, including meeting minutes and provider reporting
- Establish service provider review policies and revenue sharing policies
- Engage an investment professional to accept full (3(38)) or shared (3(21)) fiduciary responsibility for investment advisory services
- Establish and maintain an investment policy statement to provide guidelines for investment monitoring and supervision
- Understand administration fees, fund expenses, and services that the plan is receiving from each service provider
- Conduct regular committee meetings to monitor providers, review investments, administration, and plan operations
- Confirm delivery of annual required notices and disclosure statements
- Benchmark service provider fees and value periodically (3-5 years)
- Conduct a cybersecurity risk assessment

Thank you!

**Questions?**

# DISCLOSURE

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