

Resources for Qualified Plan Fiduciaries

4- Plan Review & Due Diligence Checklist

For Plan Sponsors



RRDM
WEALTH MANAGEMENT PARTNERS

Anthony Ragusa, AIF®, CRPS®, ChFC®, CRPC®

Danny Robinson CPA, PFS

6421 Perkins Rd. Bldg. C. Suite B

Baton Rouge, LA. 70808

225-456-5886

A Focus on Plan Fiduciaries

Plan sponsors, in their role as qualified plan fiduciaries, have the duty to act in the best interest of the plan and its participants. These worksheets and checklists have been designed to assist you in meeting your responsibilities, thereby helping to potentially mitigate your fiduciary risk.

The materials in this brochure have been created to provide a wide range of resources to help you manage your responsibilities and consider any current or future Qualified Plan needs.

As a Retirement Plan Advisor and AIF® we can provide further information and resources about your fiduciary duties, and help you understand how our worksheets and checklists can assist you in your fiduciary due diligence.

In providing information about ERISA standards and responsibilities, you must remember that this is general information only and you should consult your own attorney for specific legal questions on the application of ERISA to your plan.

Annual Plan Review & Due Diligence Checklist

You can use this checklist annually to document how you have satisfied your fiduciary duties. The completed checklist should be kept in the plan due diligence file.

Plan: _____ Date: _____

Keeping a Record is Key

ERISA Section 404(c) offers some limitation of fiduciary liability but has specific requirements. If you set up your plan to comply with Section 404(c), you get limited relief from fiduciary liability. With a 404(c) plan, participants exercise independent control over their own plan investments, which shifts the responsibility for investment losses from the plan fiduciary to the participant. To be considered a 404(c) plan, specific requirements must be met. For example, participants must be given sufficient information to make informed decisions and must have a reasonable opportunity to give investment instructions. The checklist below highlights these and other requirements of Section 404(c). This checklist is not a comprehensive list of every requirement under ERISA Section 404(c). Please consult your legal and/or tax advisor for more information.

To assist you in documenting that you've satisfied your fiduciary duties, you may want to use this checklist. It highlights many of the important fiduciary duties, including some of those required under ERISA Section 404(c). The checklist also explains how to comply and gives you a check off box to document that you've complied with each requirement. For further information, please consult with your tax and legal advisors. It's a good idea to go through this checklist on an annual basis. Then, be sure to keep the completed checklist in your due diligence file.

Fiduciary Requirement	How to Comply	Have You Complied?	Required Under ERISA Section 404(c)
The named fiduciary must report at least annually to the board (if one exists) on the administration of the plan.	Hold an annual review meeting and document what was discussed and reviewed. Use the included sample agenda and checklist as a beginning outline for the meeting.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
ERISA requires that every employee benefit plan must provide the procedure for executing a funding policy in a manner that is consistent with the plan's objectives.	Establish and follow an Investment Policy Statement (IPS). While an IPS is not explicitly required under ERISA, the Department of Labor has issued guidance stating that having an IPS is consistent with the fiduciary obligations of loyalty and prudence. A sample IPS is included.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Maintain plan and trust documents and any amendments.	These are generally written by your Third-Party Administrator. Keep a file for the plan document and any amendments that your Third-Party Administrator prepares for your plan.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Annual Plan Review & Due Diligence Checklist (*continued*)

Select and Monitor Investment Options

Fiduciary Requirement	How to Comply	Have You Complied?	Required Under ERISA Section 404(c)
Maintain copies of participant communications and a record of when and how each are provided to participants.	This includes the Summary Plan Description (SPD) and any changes, pre-enrollment and enrollment materials.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Maintain service provider agreements, and liability insurance and ERISA bonds.	This includes service provider proposals, contracts and service agreements, and insurance and bond coverages and policies.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Offer a broad range of investment alternatives that includes at least three core investment categories and represents a wide range of risk/return characteristics.	Select a broad array of investment options suitable for your plan demographics.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Review investments in accordance with objectives and procedures established in the plan's Investment Policy Statement (IPS). Determine if any investment options are to be added, removed or placed on a "watch list."	Review your fund's investment performance according to the time frame stated in your IPS.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Annual Plan Review & Due Diligence Checklist *(continued)*

Communicate to Participants

Fiduciary Requirement	How to Comply	Have You Complied?	Required Under ERISA Section 404(c)
Provide participants with an SPD. It must be given to all current participants within 120 days after the plan becomes subject to the reporting requirements of Title I of ERISA. New eligible participants must receive an SPD within 90 days after becoming a participant.	The SPD is prepared by your TPA. Distribute to employees upon receipt as required.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Provide participants with a Summary of Material Modifications if the plan is amended.	Statements of Material Modifications are prepared by your TPA. Distribute to participants upon receipt.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Provide written notice to participants that your plan intends to qualify as an ERISA Section 404(c) plan. Include an explanation that plan fiduciaries may be relieved of fiduciary liability for losses that result from participant investment decisions.	This should be included in your plan's SPD.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Provide participants with the name, address and telephone number of the plan fiduciary (and any person designated to act on behalf of the fiduciary) from whom the participant can obtain investment information.	This information is provided in the SPD.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Provide participants with a general description of investment objectives and risk and return characteristics of each fund, including information on the type and diversification of assets in the portfolio.	This information is provided in fund prospectuses and annual reports.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Provide participants with instructions on who to contact to give investment instructions and specific limitations on transferring among investment options.	These instructions are explained in the SPD if there are any plan level restrictions. Fund level restrictions or redemption fee information is located in the fund prospectuses.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
If a Qualified Default Investment Alternative (QDIA) is selected by the plan sponsor, participants and beneficiaries must have had the opportunity to direct investments out of a QDIA as frequently as other investments.	Participants must receive ongoing information about the plan's QDIA. Likewise, participants must be given 30-day advance notice of the first investment in the QDIA, and annual notice of the QDIA in each subsequent year.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 

Annual Plan Review & Due Diligence Checklist *(continued)*

Communicate to Participants *(continued)*

Fiduciary Requirement	How to Comply	Have You Complied?	Required Under ERISA Section 404(c)
Provide a description of any restrictions, redemption fees, and other transaction fees associated with the purchase, sale or transfer of investment options by participants.	This information is generally provided by your recordkeeper.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
Inform participants of their right to request written confirmation of investment changes.	Confirmation of participant-directed investment changes are generally provided by the recordkeeper.	<input type="checkbox"/> Yes <input type="checkbox"/> No	Yes 
<p>Disclose annual operating expenses upon request by a plan participant.</p> <p>Provide prospectuses, financial statements and reports related to the investment options offered in the plan.</p> <p>Provide a list of assets comprising the portfolio of each investment option, including the value of each asset, and for fixed rate investment options, the name of the issuer of the option and its term and rate of return.</p> <p>Provide information on the value of the shares or units in any designated investment option and its past and current investment performance.</p> <p>Provide information on the value of the shares or units of designated investment options held in the participant's account.</p>	Prospectuses, published portfolio listings, unit values, and other disclosure information related to the investment options in the plan are available. This information is available in fund fact sheets, prospectuses and annual reports.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No	Yes  Yes  Yes  Yes  Yes 

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

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