



ACI Advisors Corner

Happy Holidays

Consider giving your client the gift of a well functioning retirement plan committee

By Pat Byrnes
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This gift is not free but it is very valuable!

The value for the client is a real discharge of their fiduciary duties, but more importantly, it sets the stage for better decision making at high levels of the company. In my experience, this most often translates into better benefits for employees.

Here are 5 things I have learned over a 10 year period of doing this work:

1. **Pick the right Committee members** and make sure that there is a Board of Director's Resolution appointing the members and acceptances by the members.
2. **Educate the Committee.** As they told us in traffic school, "Ignorance of the law is no excuse." While fiduciary responsibilities are not rocket science, they are confusing if a fiduciary learns of them in piecemeal fashion. You can outline the material in about 45 minutes. In addition, consider preparing a summary of the rules and have a statement something to the effect "I have read and understand my role as a fiduciary to the XYZ plan". I started doing this years ago with a publicly traded company...and to my surprise, each member signed it. No one wanted a committee member that didn't understand their role on the committee
3. **Have a Plan of Action.** Fiduciary responsibilities fall into two main areas:
 - a. Selection and monitoring of investments—most committees just deal with the investments exclusively.
 - b. Operating the plan according to its terms that is consistent with ERISA—most plan sponsors have this done in the HR department by someone who is not a fiduciary.

In order for a Committee to function well it has to approach the question of "what is the purpose of the plan?" Good things can come from those discussions.

4. **Document what you do.** Drafting agendas and preparing notes of the meetings are greatly appreciated by the Committees. Moreover, to quote

another cliché “if it isn’t documented it didn’t happen”...at least in the eyes of the DOL and the prosecuting attorney.

5. **Annual Report to the Board.** This is the goodie bite. Drafting an annual report to the Board of Committee activities helps the Board understand that they have selected good Committee Members and it positions the retirement plan to be part of a company strategy.

What is in it for you?

- You get close to the decision makers
- By doing agendas and notes you manage the process
- You can adjust your fees for the additional work you are doing
- You can drive needed plan design
- Every one wins: the Plan Sponsor, you and most importantly the plan participants

I am happy to discuss these matters with you if you feel it would help you round out your business model

Oh! And Happy & Safe Holidays to you.

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