10 Critical Questions for Plan Sponsors

1. Does your company offer a 401(k) plan?
2. Is your advisor serving as Fiduciary and acknowledged such in writing?
3. Do you have Fiduciary insurance coverage for your plan?
4. Do you understand all the fees that your company and employees are paying?
5. Do you have a written investment policy statement?
6. Do you know who your plan fiduciaries are?
7. Do you have written record of the plan minutes and documents?
8. Are employees receiving advice specific to their situation?
9. Have the plan documents been read and understood by the plan fiduciaries?
10. Is your plan a 404(c) plan?

If you answer NO to any of these questions, call us at (412) 921-1822 or email nboxx@fortpittcapital.com for a no-obligation consultation.

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Does your company offer a 401(k) plan?
A 401(k) plan can be a great tool for remuneration, recruiting and retaining employees.

Is your advisor serving as Fiduciary and acknowledged such in writing?
Administering the continuously changing rules of ERISA can be a burden. Having a fiduciary as an advisor can mitigate some of your burden and it ensures that you are receiving unbiased advice.

Do you have Fiduciary insurance coverage for your plan?
Section 412 bonds could be insufficient in addressing a suspected breach of fiduciary duty and plan fiduciaries can be exposed to personal liability, making insurance coverage a necessity.

Do you understand all the fees that your company and employees are paying?
Your mutual funds may include a sales charge, either on the front-end, back-end, a deferred sales charge, or a redemption fee. In addition, your mutual funds may charge a 12b-1 fee, which is an ongoing commission, which could shift 0.25% or more every year from your account balance. Other types of investment vehicles, such as variable annuities and collective investment funds, may charge additional fees as well. Read your plan's Fee Disclosure statement, it may surprise you.

Do you have a written investment policy statement?
Duty-of-loyalty includes defraying reasonable fees and costs and acting for the exclusive benefit of plan participants and beneficiaries.

Do you know who your plan fiduciaries are?
Every plan has at least one fiduciary but there can be functional fiduciaries where one manages the benefit plan or disposition of its assets.

Do you have written record of the plan minutes and documents?
Duty-of-prudence can be best served by a well-documented, effective process.

Are employees receiving advice specific to their situation?
The absence of an education program can greatly affect a participant’s ability to make appropriate investment decisions and may affect participation. If participation is low, sponsors and highly compensated employees may be limited in the benefits they can receive and may even have to return some contributions.

Have the plan documents been read and understood by the plan fiduciaries?
Plan fiduciaries must read and fully understand the plan documents to comply with Section 404(a) and abide by the plan.

Is your plan a 404(c) plan?
Under Section 404(c), whereby your company provides multiple different funds for participants to select for investment, plan fiduciaries are responsible for choosing the funds and educating the participants as required, but are not held responsible for the participants’ specific allocation.