



## SAMPLE COMMITTEE MEMBER PACKET

### WELCOME TO THE COMMITTEE...

When a company decides to offer a retirement plan or when an individual is appointed to sit on an investment committee, a full understanding of ERISA and fiduciary responsibility isn't automatically conferred. There is no packet handed out with the adoption agreement that explains what an individual needs to know before taking on the personal liability associated with managing a retirement plan. It is up to the plan sponsor to understand the responsibilities involved, appoint other individuals to help in the decision making process (committee member), and ensure they all receive the education and resources necessary.

Building a committee member packet is easy and with a few basic documents, fiduciaries can gain the foundational knowledge needed to be effective in their role. Use this worksheet as a starting point to help investment fiduciaries and plan committee members better understand their role, and create the document trail to help support the management of an employer-sponsored plan according to a prudent process. Be sure to provide a packet to all newly appointed committee members as well.

### ITEMS TO INCLUDE:

The following documents should be included as a starting point:

#### COMPANY DIRECTIVES FOR MANAGING THE PLAN:

Each member should thoroughly understand what their responsibility is as assigned by the company, as well as the specifics surrounding the investment selection and review components.

- Committee Charter or Bylaws. If the Company or Board of Directors adopted a committee charter or bylaws for the formation of the committee, this document should be read and signed off on by all members of the committee.
- Investment Policy Statement. If the company has created a formal policy statement, this document is critical to the management of the plan investments and all committee members and investment fiduciaries should be familiar with the directives outlined in this document.

#### REGULATIONS THAT APPLY TO EMPLOYER-SPONSORED RETIREMENT PLANS:

Each committee member must be aware of his or her personal fiduciary responsibility, and fully understand the issues involved in managing a successful and compliant plan.

- Fiduciary Overview. The Department of Labor created a guide to help retirement plan fiduciaries understand their duties titled, Meeting Your Fiduciary Responsibilities. This guide can be downloaded from the DOL website at: <http://www.dol.gov/ebsa/pdf/meetingyourfiduciaryresponsibilities.pdf>
- Prudent Practices for Investment Stewards. This handbook was written by fi360, and is available on their website at [www.fi360.com](http://www.fi360.com). It was developed specifically for Investment Stewards – trustees, investment committee members, attorneys, accountants, institutional investors, and anyone else who is involved in managing investment decision-making. The Handbook provides investment fiduciaries with an organized process for making informed and consistent decisions.



## **DOCUMENTS SPECIFIC TO THE PLAN:**

One of the most common 401(k) failures as identified by the IRS is the failure to follow the plan documents. It's critical that committee members are familiar with the features and benefits offered on their plan in order to demonstrate prudent management and make informed decisions.

- Plan Document. All members of the committee should review and sign off on the plan document since it is the legal documents the plan will be upheld to follow.
  
- Summary Plan Description (SPD). This document is distributed to all participants and committee members should be familiar with its contents in order to address any questions that arise.

The six documents listed in this worksheet, when combined into a committee member packet, create a great starting point for providing the foundational knowledge and awareness it takes to manage a plan effectively. It is up to each plan sponsor to decide what additional items should be reviewed and because legislation pertaining to retirement plans has changed recently, plan sponsors should consult their legal counsel and other authorities as appropriate.