

Better Outcomes, Less Risk

PlanPILOT

# Managing Your Retirement Program

## Why Plan Sponsors Hire Consultants



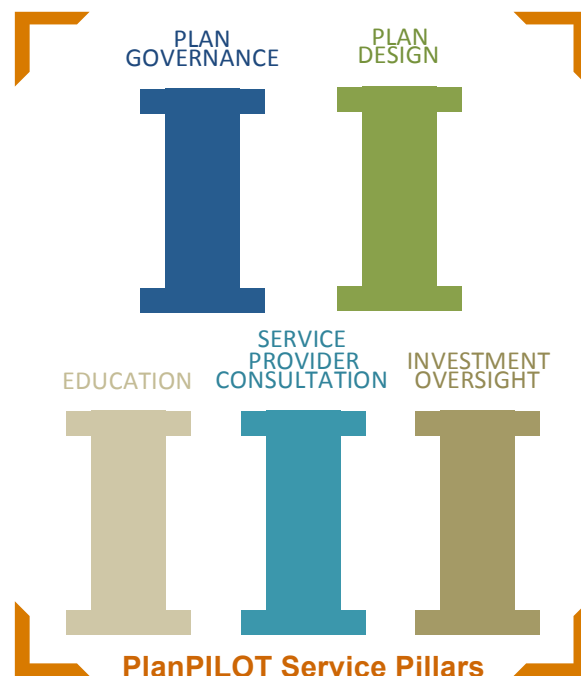
# Managing Your Retirement Program

## Why Plan Sponsors Hire Consultants

In making the decision to hire outside retirement plan consultants, there are three main objectives that plan oversight committees and plan fiduciaries consider as follows:

- 1) Improving outcomes for plan participants
- 2) Minimizing the personal liability of the plan fiduciaries
- 3) Improving plan efficiency to maximize return on investment

Fortunately, these three objectives should in no way conflict with one another. Stated another way, you should not need to sacrifice progress toward one of these goals in order to achieve another. Most importantly, by *“acting solely in the best interest of plan participants”*, you can simultaneously accomplish these three goals.



### Maximizing Results

**1. Improving Outcomes for Participants.** Stated simply, the primary goal of every retirement plan is to provide a better retirement for the participants. With that said, consulting services should be focused on making plan improvements that lead, either directly or indirectly, to better results for your plan participants. Whether your focus is on creating a more effective plan design, providing a better mix of investment alternatives, or reducing costs, the end result should be that your plan participants will benefit from your actions.

Improving plan design is a critical component to participant success, and developing an effective communication and education program can often have an even bigger impact. That is why *we believe it is important to partner with a retirement plan consultant that takes a holistic approach to developing retirement plan solutions.*

**2. Minimizing Personal Liability of Plan Fiduciaries.** As a plan fiduciary, there is much more to lose than there is to gain, at least from a financial standpoint. Helping your fellow plan participants secure a better retirement can be very rewarding. However, acting as a plan fiduciary comes with personal financial risk if proper policies and procedures are not established and followed.

First and foremost, *retirement plan consultants should be willing to share your fiduciary responsibility* for managing your plan(s), and this should be clearly spelled out in your service agreement. Furthermore, consultants should provide ongoing guidance to ensure that all committee actions are consistent with the parameters described in plan documents. Again, emphasis needs to be placed on the policies and procedures that will govern plan decisions, with decisions being documented accordingly.

## Maximizing Results

### 3. Improving Plan Efficiency to Maximize Return on Investment.

Specific actions to improve the efficiency of your plan(s) may include streamlining your investment menu, updating plan features, and an overall simplification of benefits. Taking steps to improve plan efficiency can lead to lower plan costs and, more importantly, *higher returns on the dollars invested by both the plan sponsor and the plan participants.*

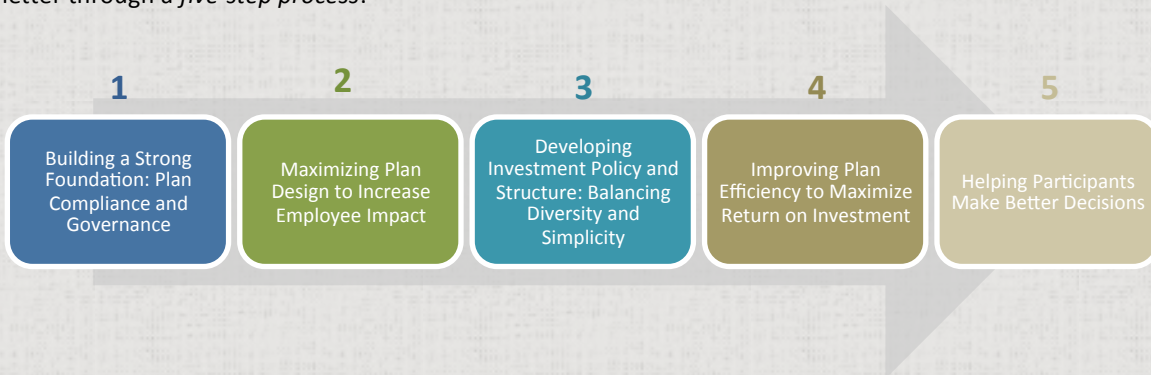
By designing your plan(s) to reduce the number of decision points that participants face, they will be able to place their focus on more critical choices. Whether achieved through automation or a carefully planned communication program (or both), providing easy-to-follow guidance on saving and investing can lead participants to make better decisions.

In addition, plan administration will be simplified by limiting plan features and investment options. Furthermore, a more basic, straightforward plan design will also reduce the sponsor’s and committee members’ fiduciary risk, as the potential for compliance and administrative errors is limited.

#### Step-By-Step Process to Better Outcomes for Plan Fiduciaries, Administrators and Participants

Just as fiduciaries should develop and follow defined policies and procedures, effective plans are built by following a proven step-by-step process. In our series of letters to follow, we will walk through a *five-step action plan that has proven successful in improving outcomes for our clients.* At the same time, following this process has enabled plan administrators and committee members to minimize their fiduciary risk.

*Looking ahead,* we will focus on how PlanPilot works with our clients to achieve the three objectives discussed in this letter through a *five-step process:*



We hope the thoughts contained in this letter help you improve the management of your retirement plan(s).

**PlanPILOT is Here to Help**

We welcome the opportunity to assist you and your retirement oversight committee in managing your retirement program. Please do not hesitate to call us at **(312) 973-4911** or visit [www.planpilot.com](http://www.planpilot.com) to discuss how we can be of assistance to you and your plan committee.

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