

YOUR COMPANY'S RETIREMENT PLAN: HOW DO YOU MEASURE SUCCESS?



Maintaining a company retirement plan in compliance with regulations, understanding fee arrangements, whether or not the current plan design is most appropriate, gauging the success of participant education efforts, and your exact role as plan sponsor or trustee can be challenging. An ongoing review can assist to avoid costly mistakes. It is critical to an employer's operational and fiduciary success that you be thoroughly engaged.

Do you have a fiduciary in place for your retirement plan?

You are a fiduciary if you are a plan sponsor or trustee of an endowment or a retirement plan. Under the ERISA (Employee Retirement Income Security Act) law, trustees are held to the legal fiduciary obligation of acting in the best interest of the person or organization that has entrusted you with management and control of their funds. Your broker cannot act as a fiduciary. In fact, there is a good chance your advisor is not a fiduciary and is prohibited from acting as one, leaving you as the plan sponsor or trustee solely liable for any breach.

Have you benchmarked your retirement plan fees?

Some mutual funds provide rebates back to your third-party administrator (TPA) or record keeper. Some of those rebates may not be passed on to the participants, but kept by the TPA or record keeper without your knowledge. It is in your employees' best interest to know the full range of fees in your plan and benchmark those to industry guidelines. Retirement fees come in various forms, which creates complexity even for experienced retirement professionals. Taking a more critical view of your plan fees may be quite surprising or even alarming.

Do you have continual investment review?

Did you know that a broker cannot provide advice to a plan sponsor or trustee, when it comes to actually making fund decisions? As a trustee to your plan, you have a fiduciary responsibility to an ongoing review of your plan's investments based on the criteria of your Investment Policy Statement (I.P.S.). The I.P.S. forms the basis of your investment decisions and criteria for any changes. The best review of your plan investments is often comprised of an advisor acting as a fiduciary to your plan reviewing the investments quarterly for acceptance by the guiding I.P.S.

Do you have ongoing, engaging employee retirement plan education?

At one time, educating employees about their workplace retirement plans was unnecessary. Now it is essential. While more employers are automatically enrolling employees in their plans and providing educational benefits such as online calculators and an enrollment kit, these are not enough to assist the workers most in need of retirement planning. Now is the time for employers to expand their focus to address financial planning and the real barriers to a successful retirement. Fragasso Financial Advisors, acting as a fiduciary and providing participant advice, has created a range of employee education resources personalized to your plan that help make retirement decisions easy and understandable for all employees.

Is the design of your plan aligned with established goals?

Understanding the many possible options that exist when designing a retirement program can be overwhelming. Factors such as the type of entity, number of highly compensated employees (HCEs) or key employees, owners, family of owners, and rank and file employees, all have an impact on the type of plan design that may be recommended. Both qualified and non-qualified executive compensation, as well as various profit sharing programs and defined benefit strategies, should be considered when choosing the correct provider, TPA, advisor and legal professionals.

Whether you are thinking about adopting a retirement plan for your company or realize that a closer look at your current plan is prudent, Fragasso Financial Advisors can help. As a Registered Investment Advisor (RIA) with the ability to act as a co-fiduciary, we can assess your situation and objectively advise you on your unique circumstances and personalize a solution to help you achieve your goals.

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