



## Fiduciary Fundamentals for ERISA Plan Sponsors

Retirement plan sponsors are responsible for compliance with the fiduciary requirements under the Employee Income Security Act of 1974 (“ERISA”), as well as the reporting, disclosure and general tax qualification requirements imposed by the Internal Revenue Code. Now, more than ever, it's important that plan sponsors understand these complex rules and responsibilities. At USI Consulting Group, we believe that by adhering to the four basic fiduciary duties under ERISA, plan sponsors will achieve “best practices” and help participants achieve a higher level of retirement readiness, while at the same time limiting liability associated with fiduciary status.

### Follow the 4 Basic Fiduciary Fundamentals:

#### Duty of Loyalty

- Adhere to the exclusive benefit rule
- Make decisions in the best interests of plan participants
- Avoid conflicts of interests
- Ensure fees and expenses of plan administration are reasonable

Establishing best practices helps to ensure that plan sponsors are meeting their fiduciary responsibilities to the plan and the participants, and that the plan is compliant with the applicable laws and regulations.

#### Duty of Prudence

- Act with the care, skill, prudence and diligence of a person acting in a like capacity
- Establish a prudent process for the selection and monitoring of plan service providers and the fees charged
- Document all processes, procedures, and plan-related decisions

*This is intended to provide general information only and does not constitute legal advice, and cannot be used or substituted for legal or tax advice.*

#### Duty to Follow Plan Documents

- Understand and follow the terms of the plan documents
- Develop a prudent process for operating the plan
- Ensure documents are up to date as required by current law

#### Duty to Diversify Plan Investments

- Diversify plan investments to minimize risk of large investment losses
- Develop and maintain an Investment Policy Statement
- Establish a prudent process for the selection and diversification of investments
- Hire investment advisers with expertise to provide necessary information to the plan fiduciaries



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