

Fiduciary Scorecard

Ten Minute Test

How well are you fulfilling your fiduciary plan obligations?

**Average cost to defend
a fiduciary lawsuit
claim in 2003:
\$365,000***

**Average judgement:
\$1,000,000***

*Fiduciary Liability Insurance Survey - Tillinghast -Towers Perrin

The Fiduciary Scorecard will assist you in assessing the extent to which you are meeting the requirements of the Employee Retirement Income Security Act (ERISA) and your fiduciary obligations. Although this scorecard is not an exhaustive list of your fiduciary responsibilities, it does include many ERISA requirements, as well as items considered fiduciary best practices for 401(k) plans and other participant-directed plans.

Our goal is to provide you with the information to make better decisions and reduce your fiduciary risk.

Regardless of your score, it is important to refresh your knowledge of fiduciary responsibilities. Review items that were marked "no" to determine what more can be done in these areas.

Your score will provide a general assessment of your responsibilities, but does not include all your obligations under ERISA.

While all items are given equal value and importance, some can have a greater impact than others. For example, from an investment perspective, numbers 13, 14, 15, 20 and 24 are critical to providing participants with a prudent investment program.

How to Calculate Your Fiduciary Score

Count the boxes you marked on the reverse side. If your total is:

23-28: You seem to be on the right track. Continue to prudently investigate, monitor and document.

20-23: You're headed in the right direction, but need to improve in a few areas to manage your risk.

16-19: You've taken a few steps toward managing your fiduciary responsibilities, but may be exposing yourself to liability in several areas.

15 or fewer: If you do not take steps immediately to meet your obligations you may find yourself in hot water.



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Plan Name _____

Date _____

Check the boxes below if your answer is "yes"

Plan Document and Design	
	1. Does your plan have an IRS-approved document in place and is the document up-to-date for recent law changes?
	2. Has your plan been designed with the assistance of a competent professional so it is customized to meet the needs of the company?
	3. Does your plan have an up-to-date summary plan description (SPD) and have you distributed the SPD to participants at the times required by law?
	4. If you have any workers (including independent contractors or temporary employees) at your company who are not covered under the plan, does your plan document specifically exclude them from participation?
	5. If you, your family or your company have ownership rights in any other businesses, have you received advice concerning the possible consequences to your plan?

Plan Fiduciaries	
	6. Are the plan fiduciaries (e.g., plan committee, trustees, officers and owners) aware they are fiduciaries and have they been informed of their responsibilities under ERISA?
	7. Have the plan's investment fiduciaries been appointed in accordance with the plan and trust documents?
	8. Do the plan committee and other fiduciaries meet at least annually?
	9. Is a due-diligence file maintained with the notes, minutes, agenda, background information and supporting documentation for plan and investment decisions made at the fiduciary meetings?
	10. Do the plan fiduciaries ensure the plan collects and invests the employee deferrals as timely as possible?
	11. Is your plan covered by a fidelity bond of at least 10% of plan assets (up to \$500,000) and does the bond cover plan fiduciaries as well as other employees or third parties that handle or have access to plan assets?

Plan Investments	
	12. Does your plan have a written investment policy statement?
	13. Does your plan have investments in at least the following investment categories so that participants may invest in a "broad range" of funds?: <ul style="list-style-type: none"> (a) Stable value investment, guaranteed investment contract (GIC) or money market fund; (b) U.S. government or corporate bonds; (c) Large-cap U.S. equities; (d) Mid/small-cap U.S. equities; (e) International or global equities
	14. Have the plan fiduciaries reviewed the plan's investments in the last 12 months? Was each investment compared to its peer group and the appropriate index for performance over periods of 1, 3, 5 and 10 years?
	15. Was the review conducted in accordance with the investment policy statement?

	16. In order to properly review the investment, did your investment provider give you information on the proper peer group and indices, historical performance, expenses, volatility and other significant factors? If not, did you accumulate that information for review?
	17. Was the review documented in plan fiduciary / investment committee due-diligence file, including the materials reviewed by the committee and any other notes or analysis used to determine whether to retain, add or remove investment options?
	18. Are investment costs reasonable in comparison to the appropriate benchmarks? Do you fully understand all investment costs and the services that are provided for these costs?
	19. Have you removed an investment from your plan, or placed it on "watch," because of its underperformance or other failure to satisfy the investment policy statement or ERISA's requirements?
	20. Does your plan avoid overlap of similar stock holdings among investment options by offering options from more than one investment management company?
	21. Are you not limited in your ability to select superior funds because your investment provider limits the number of funds from other providers?
	22. Does your plan provide employee enrollment programs explaining the importance of participation in the plan, saving for retirement, and investment basics?
	23. Does your plan provide ongoing employee investment education materials and/or programs?
	24. Does your plan provide lifestyle funds or asset allocation models for employees who lack the investment knowledge to evaluate and select individual investment options and allocate their accounts among them?

ERISA Section 404(c) Requirements	
	25. If your plan intends to obtain the fiduciary protections available under ERISA Section 404(c), does the SPD or a written notice to participants provide the following notification? <ul style="list-style-type: none"> (a) Participants will be able to direct their investments; (b) The plan intends to comply with 404© and plan fiduciaries may be relieved of liability for losses; and (c) The name, address and phone number of 404(c) plan fiduciary responsible for providing information upon request and for receiving and complying with participant investment instructions.
	26. Have all participants received information about each of the options available under the plan?
	27. Have all participants received or had access to information regarding investment concepts (including explanation of the types of investments, risk/return applicable to each, impact of time horizon on vestment decisions, etc.), in the last 12 months?
	28. Does the Form 5500 indicate your plan intends to comply with ERISA 404(c) requirements?

Total number of boxes checked:	
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Click Button when done to send:
