



12 Tips for a Great 401(k) Plan

As the plan fiduciary, how do you know you have a great retirement plan? It is a long and never-ending process. Your job is to demonstrate prudence and avoid fiduciary liability. Your sole responsibility is to put the best interest of plan participants and their beneficiaries first. Here is a start:

- 1. Research Service Provider**
Different service providers could be more suitable based off your company's plan type and plan size.
 - 2. Objectively Benchmark the Plan**
Using tools from the service provider could be biased in nature because it never benchmarks their own service versus others.
 - 3. Prudence**
Demonstrate prudence. Do the proper research to justify every decision made on the plan.
 - 4. Diversification**
Make sure each investment option is equally as diverse to the next option. Avoid overlapping investment criteria.
 - 5. Avoid Proprietary Date Funds**
Beware of service providers offering mutual funds from their own fund family. They charge excessive hidden fees on the participants for no added value.
 - 6. Fund Fee Analysis**
Regularly conduct a fee analysis on the investment menu and see if there are potential alternatives for participant fee saving opportunities.
 - 7. Admin Fee Analysis**
Conduct a fee analysis on admin costs. This includes recordkeeping, advisor, auditor costs and much more. Make sure you conduct analysis independently.
 - 8. Rate of Return**
Compare the plans rate of return against other plans in similar industries. Use objective benchmark tools for this.
 - 9. Participation Rate**
Participation rate is an important indicator to help you determine the plan attractiveness and incentives.
 - 10. Average Participant Contribution**
Contribution will help as a gauge for interest and knowledge on the retirement plan.
 - 11. Avoid Conflicts of Interest**
Avoid any potential conflicts of interest that may have been exercised on plan decisions. Decisions should never benefit the company.
 - 12. Document Everything!**
Document, Document and Document some more! Every process and every decision must be documented from beginning to end. If it wasn't documented, then it never happened!
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