



## WHAT TO EXPECT FROM YOUR RETIREMENT PLAN ADVISOR

Helping you manage your fiduciary duties.

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**RAYMOND JAMES**



## Sponsoring a retirement plan is one of the more challenging endeavors an employer can undertake.

Administering the plan and managing the assets require specific actions and come with considerable responsibilities. The Employee Retirement Income Security Act of 1974 (ERISA) has set standards of conduct for fiduciaries, those who manage the retirement plan and its assets, and as the sponsor of your company's retirement plan, those standards are yours to uphold.

### **Fortunately, you don't have to do it alone.**

Although the retirement plan sponsor bears ultimate responsibility for making decisions about the plan and managing its investments, they also have the ability to shift some or all of the investment fiduciary responsibility by hiring fiduciary professionals. Using a prudent selection process, an employer can appoint an ERISA 3(21) fiduciary to provide advice on the selection of the plan's investments while maintaining discretion over all the investment decisions. This results in minimizing some, but not all investment fiduciary liability. Additionally, an employer can further mitigate fiduciary liability by appointing an ERISA 3(38) investment manager who retains discretion over all investment decisions and ongoing monitoring.

At Raymond James, we have the ability to provide both which will help ensure that your plan remains compliant with ERISA regulations and delivers meaningful results for your employees.

For purposes of this brochure, a retirement plan is an ERISA defined qualified plan.  
This brochure does not cover SEP IRAs or SIMPLE IRAs.

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## An important decision

As an employer and sponsor of a retirement plan, your company shoulders a major responsibility. You must consider the needs of your employees and then select the appropriate service provider(s), determine the optimal plan design provisions, choose and monitor investments, keep up with legislative changes, ensure your plan is administered properly, and educate and inform plan participants – all at a reasonable cost. All of this can result in a plan that makes it easier for your employees to reach their retirement goals, while helping you recruit and retain valuable employees.

### THE BIG QUESTIONS

How do you know if your plan is effectively preparing your employees for retirement?



Is your process to select and monitor service providers or investments prudent?



Does your company have the resources and knowledge to handle these responsibilities alone?



Do you understand your fiduciary liability to effectively sponsor a retirement plan?

Unless your company has professionals with retirement plan expertise who are solely dedicated to managing your employee retirement plan, you should consider hiring a retirement plan advisor who can assist with various aspects of maintaining your company's retirement plan.

A dedicated retirement plan advisor can provide services designed to meet the unique needs of plan sponsors and their companies, including plan design expertise, employee education and fiduciary investment advice. In addition, a retirement plan advisor can provide an extra layer of protection and expertise that can be crucial to designing and implementing an effective and efficient retirement plan.

Your retirement plan advisor can coordinate the efforts of other professionals dedicated to serving certain areas of your plan. Since the plan sponsor has the ultimate responsibility for the various plan functions, it is important to partner with someone who can help you manage the decision-making process, document the steps along the way and supervise the results of those decisions, all while acting in your plan's best interests.

### COMPONENTS OF A SUCCESSFUL PLAN

Retirement plans have many moving parts that must be properly integrated and aligned to ensure the plan runs smoothly and meets the needs of your organization. These moving components – people, firms and systems – represent the delivery structure of the various service areas such as administration, investment management and employee communications. Having these services delivered in a way that's consistent with your organization's expectations is critical. If the various components don't fit well together or match your needs, the results may include incorrect depositing of funds, inaccurate and untimely participant information or IRS reporting, and/or employees who don't understand, appreciate or participate in the plan.

In general, all retirement plans have the same basic objective – to serve as a retirement savings plan for employees. Yet there are many different retirement plan models that suit a wide range of specific company needs. The retirement plan advisor's role is to help you set reasonable expectations, assist in selecting the most appropriate plan service providers, and manage the components on an ongoing basis.

### WHY YOU SHOULD CHOOSE A RAYMOND JAMES RETIREMENT PLAN ADVISOR

If it sounds like maintaining an appropriate retirement plan for your company is a daunting task, that is because it is, especially when you consider everything else that

goes into running a successful business. A Raymond James retirement plan advisor can help optimize your retirement plan to better prepare your employees for retirement. This will help you to attract and retain top talent, which may ultimately help to save time and money.

As fiduciaries, Raymond James retirement plan advisors approach each ERISA 401(k) plan with a prudent process that includes understanding your needs, designing the most appropriate plan, implementing a diversified offering of investments to minimize risk and finally, managing the outcomes to meet your participants' goals and satisfy the terms of the plan.

We understand many factors are involved in the selection of retirement plan providers and each employer has specific needs and objectives that are important in this decision. And our advisors can assist you with evaluating your alternatives and coordinating the implementation and enrollment of employees. Our goal is to build and foster long-term relationships with you as well as with your company and its employees.

As a plan sponsor, it is important to make sure you have a knowledgeable and accountable professional educating and advising you and your participants. Raymond James retirement plan advisors have the tools and resources to streamline the selection and monitoring of the plan's investments, as well as provide benchmarking to ensure your plan costs are reasonable. One of the most beneficial advantages of working with a Raymond James retirement plan advisor is that they will acknowledge their role as an ERISA plan fiduciary.

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## THE ROLE OF THE RETIREMENT PLAN ADVISOR

In general, retirement plan advisors provide both participant and plan level advisory services.

The DOL's Fiduciary Rule that outlined "all retirement plan advisors are considered a fiduciary to the plan" was vacated on June 21, 2018, by the 5th Circuit Court of Appeals. However at Raymond James, we believe that by taking on a partial investment fiduciary status under ERISA 3(21) or full investment fiduciary status under ERISA 3(38) is in the best interest of our plan sponsors.

- ▶ **Clearly defining the parameters of the specific client relationship and establishing reasonable expectations for both the client and the advisor.**

Developing an overall retirement plan strategy with specific goals is critical in ensuring success. Documenting the services that the plan advisor agrees to provide, as well as the schedule or frequency that these services will be delivered, will assist the plan sponsor in meeting his or her fiduciary obligations.

- ▶ **Evaluating and recommending service providers.**

A qualified retirement plan advisor can diagnose the particular aspects of the service delivery that are relevant to your situation and recommend the most appropriate alternatives. Since Raymond James advisors serve as ERISA fiduciaries, they are obligated to recommend what is best for your company and employees.

- ▶ **Consulting on plan design.** By coordinating and participating in the initial discussions with the plan's administrator, the plan advisor will assist in the plan design and review process. Plan design provisions can make a big difference in whether your plan meets your company and employees' needs. These provisions address matching contribution formulas, cross-tested

profit sharing allocations, qualification and eligibility issues, and merger and acquisition situations. Your retirement plan advisor should work closely with the provider's administration experts to ensure that all available aspects of plan design are considered.

- ▶ **Managing the implementation and transition to new provider(s).** This is perhaps the most challenging function of all, and is usually where most problems begin. Most terminated providers are not overly anxious to cooperate with new providers, so it takes a dedicated effort to ensure a smooth transition. Having one individual responsible for coordination makes the process more user-friendly for you.

- ▶ **Serving as the primary contact for all aspects of plan servicing.** No longer will you or your employees need to wonder who to call when problems or questions arise. Your advisor will act as the single source responsible for managing all the moving parts of your plan and will troubleshoot as needed. Moreover, your advisor will monitor the service providers to ensure that they continue to meet your retirement plan needs, replacing them if necessary.

- ▶ **Providing ongoing plan reviews.** Your Raymond James advisor will provide ongoing support for overall plan service and design, operations, regulatory updates, and how well the plan is working for your employees. This includes various aspects of plan design to help meet your company's specific needs, custom enrollment and communication strategies, and establishing an investment policy statement (IPS). This means that you can feel confident that your retirement plan is working for your employees, which allows you to focus on your business.

- ▶ **Managing employee communication and investment education.** We believe that coordinating enrollment meetings and providing ongoing investment education for participants regarding plan options is a valuable part of our service. That's why Raymond James retirement plan advisors will be available to your employees by phone and, periodically, in person for individual consultation. If enrollment and/or education teams from the provider are necessary due to multiple company locations, we will coordinate those efforts. We also provide supplemental educational materials, if desired.

In addition, we can integrate qualified plan goals into a personal financial and estate plan as necessary.\* Additionally, we will educate plan participants about plan distribution alternatives, provide retirement cash flow analysis, and, whenever necessary, consult with retirees regarding investment asset allocation.

- ▶ **Assist in designing an investment policy statement.** As a plan sponsor, you can minimize your fiduciary liability by implementing an IPS. An IPS outlines a detailed, prudent plan of action for the plan's investment managers and consultants to follow. It describes the plan's investment philosophy, risk tolerance and long-term goals to help guide all decisions – and changes –

made regarding the plan. The written documentation of this process, the IPS, shows that the plan sponsors are meeting their fiduciary obligation to prudently manage the process of selecting and monitoring the plan's investment lineup. Many retirement plan sponsors don't have an IPS, but because we consider this an integral part of helping you develop a successful plan, we will assist you in developing your own written statements.

- ▶ **Managing the investment process, including periodic investment reviews, evaluations and recommendations.** Using the plan's IPS criteria, the retirement plan advisor will assist the plan sponsor in the investment selection process. Documentation of the periodic review with the retirement plan advisor demonstrates adherence to a process that ensures the plan's investments continue to meet the overall plan objectives. This includes consulting on items such as qualified default investment alternatives. The retirement plan advisor will review the performance of the investments relative to the IPS and, when necessary, recommend the removal and replacement of underperforming investments.

\*Raymond James does not offer legal or tax advice. Please speak with your appropriate professional.

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## FREQUENTLY ASKED QUESTIONS

### **Why should I hire a Raymond James retirement plan advisor?**

Unless you or the employees within your business who are tasked with managing the retirement plan have specific expertise in ERISA matters, you should consider hiring a retirement plan advisor who can assist you with the prudent operation of plan management. The retirement plan advisor should be independent and unbiased. The advisor should have an understanding of ERISA fiduciary matters and know the landscape of providers and their capabilities.

### **Am I entirely responsible for my ERISA fiduciary responsibility, or does my Raymond James retirement plan advisor share in those responsibilities?**

You have the choice to appoint your Raymond James advisor as a 3(21) investment fiduciary or a 3(38) investment manager. As a 3(21) investment fiduciary, the advisor provides investment advice, shares the fiduciary liability, but the plan sponsor has the final discretion over any investment decisions. As a 3(38) investment manager, Raymond James has full discretion over investment selection and ongoing monitoring and assumes full liability\* for all investment decisions.

### **Should my plan have a policy and procedure for selecting, monitoring and, when necessary, changing the investments in my plan?**

Sponsors of ERISA retirement plans are required to have policies and procedures for selecting the investments for the plan, monitoring the performance of those investments and, when necessary, making changes to the investments. A Raymond James retirement plan advisor will assist you in

the drafting and design of an investment policy statement. The IPS will detail the criteria used to select and monitor the investments and provide the steps the plan should take to replace an underperforming investment.

### **How do I know if the fees my plan is paying to its service providers are reasonable?**

If plan service providers are being compensated from plan assets, the sponsor of the plan must ensure that the fees paid for the services rendered are reasonable. A Raymond James retirement plan advisor can perform a detailed analysis of your plan's current costs and compare the costs with those of competing providers. The analysis will provide you with a side-by-side comparison of the plan's various cost components.

### **Am I properly communicating with and educating my employees about the features and benefits of the plan?**

Sponsors of ERISA retirement plans are required to provide specific notices and disclosures to employees and plan participants on regular intervals. Additionally, plan sponsors are required to ensure that employees and plan participants have a sufficient understanding of the plan's features and benefits, including the investment options, so that they can make proper investment allocation and future planning decisions. A Raymond James retirement plan advisor can assist with delivery of any communications related to their services and also help plan sponsors develop an employee education strategy.

\*As set forth in, and subject to, applicable agreements.





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## Putting it all together

You understand that maintaining a successful retirement plan for your employees is a time consuming and complex process but one that can be made easier with the help of the right partner. A Raymond James retirement plan advisor can oversee many of the components that make a plan whole and attractive to employees, and together, you can build a long-term relationship that could mean a brighter future for your company and your employees.

For additional information about retirement plans,  
contact your financial advisor.

*This guide is not intended as and does not constitute legal advice. Plan fiduciaries are urged to seek the advice of their attorneys as to their precise duties, responsibilities and liabilities in specific situations. All investments are subject to risk, including loss.*



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