



The Value of a Retirement Plan Specialist

I often think of corporate retirement plans as something like song lyrics—they're an essential component of most employees' retirement savings "refrain," and, tragically, just like song lyrics they're all too often misunderstood.

(Bob Dylan singing "The ants are my friends, they're blowing in the wind" conjures up a much different image than the actual lyrics.) I have been working with corporate retirement plans for almost 20 years and, again and again, I come across plan sponsors who incorrectly assume that once they establish a 401(k), 403(b), or pension plan, their job is basically done. This could not be farther from the truth. Plan fiduciaries have an ongoing duty to operate the plan in the best interests of plan participants and to prove that fees paid are reasonable given the services being provided. They're also required to monitor the investments in the plan and make changes when appropriate. If plan fiduciaries do not meet these requirements, they can be held personally liable—meaning they may be subject to personal financial penalties in the event of an unfavorable judgement against the plan. This is a significant, long-term responsibility.

A dedicated retirement plan specialist—one who specializes in corporate retirement plans and works with a wide range of fiduciary committees—can help implement a fiduciary governance process so that plan fiduciaries understand and meet their responsibilities, with the goal of reducing risk and liability. Hiring a specialist who also serves in a fiduciary capacity—as a 3(21) co-fiduciary or

a 3(38) investment manager—is critical as it requires the specialist to take legal responsibility for acting in the best interest of plan participants.

The responsibilities of a plan sponsor are significant—consequential if mismanaged—and can be overwhelming in their complexity. But the right retirement plan specialist can help your corporate retirement plan benefits come across loud and clear. Here are my top five ways they can do so.

1. Specialists can benchmark and renegotiate fees to help meet ERISA requirements.

One of the most impactful ways that retirement plan specialists add value is by providing clarity around plan fees, which in turn helps meet the ERISA requirement that fiduciaries prove the reasonableness of fees given the services being provided. A specialist can provide benchmarking information with quarterly plan reporting to help fiduciary committees understand what they pay and how their fees compare to similar plans. Also, a specialist can help with renegotiating plan fees. At a minimum, plan fees should be renegotiated through an RFP process every three years, and more frequently if your plan grows rapidly. Specialists can manage this process on behalf of their clients and then, based on the results, implement fee and service improvements with the plan's current provider or recommend changes. »

2. Specialists can help design a plan to meet your organization's goals.

One area that is often overlooked but can have a huge impact on the effectiveness and success of a plan is its design. The intricacies of how different plan designs can impact plan costs, as well as plan participation and participant savings rates, are complex to say the least. A specialist is an expert in these matters and can consult with plan committees to understand the unique needs of the organization's employees so that the plan can be designed with these needs in mind. This results in a much more effective plan that helps employees better prepare for retirement.

3. Specialists can provide independent investment selection advice and monitoring.

Retirement plan specialists that work with plans as independent, fee-based advisors are not allowed to accept commissions or revenue from any of the investments or service providers they recommend. This generally results in recommendations that are unconflicted and in the plan participants' best interests. It also allows specialists to select from any investment available since they aren't limited to a certain investment platform like some advisors might be.

4. Specialists can save you time and keep your plan in compliance.

Retirement plan rules and compliance requirements are complex. With everything from notice requirements

to non-discrimination testing to Form 5500 requirements, it's not surprising that most plan sponsors have a hard time complying with all the rules. Retirement plan specialists are experts in these matters. They can help save you time by serving as a resource on everything related to your plan so that you can focus on other tasks while knowing your plan is still in compliance.

5. Specialists can educate and advise plan participants.

Finally, retirement plan specialists can add substantial value by helping plan participants understand the benefits available to them and how best to take advantage of those benefits. At RMB, we do this by offering both group education meetings and personalized one-on-one meetings. These meetings focus on educating participants about the importance of saving, with a focus on improving participant retirement outcomes. In addition, we also provide independent investment advice to participants to ensure that participants' asset allocations are appropriate for their situations. These meetings don't just focus on investments—we often discuss other financial planning topics such as financial wellness, student loan debt repayment, budgeting, saving for college, saving for healthcare expenses through a health savings account (HSA), and the ideal time to start taking Social Security benefits. Participants come away with a renewed understanding of, and greater appreciation for, the retirement plan and related resources provided by their employer. ■

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