



# **PENSION RESOURCE INSTITUTE, LLC**

## ***ADVISER RESOURCE SERIES PROGRAM OVERVIEW***

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## I. ADVISER RESOURCE SERIES PROGRAM OVERVIEW

Numerous and technical changes to the Employee Retirement Income Security Act (ERISA) are scheduled to become effective in 2012, and employers that sponsor retirement plans must take affirmative steps to comply with a number of new requirements. Specifically, regulations under sections 408(b)(2), 404(a)(5) and recent changes to the Form 5500 Schedule C will alter the way employers evaluate and report certain information to the Department of Labor (DOL), Internal Revenue Service (IRS) and plan participants.

Those who are responsible for such reports or who make decisions on behalf of the plan are considered to be fiduciaries under ERISA and may be held personally liable if they fail to meet specific requirements. Nevertheless, many employers do not have sufficient resources to develop and maintain the processes necessary to comply with the new rules. This “gap” is particularly problematic given the significant expansion of DOL and IRS audit and enforcement capabilities and increasing ERISA litigation filed against employers. Consequently, many plan sponsors are expected seek out knowledgeable plan advisers and/or consultants for assistance.

Plan advisers must, in turn, be prepared to demonstrate the value of their services to employers. Yet, at the same time, the new plan-level disclosures required under ERISA 408(b)(2) will put clients and prospects on notice of any limitations imposed upon the adviser by his/her supervising firm. Many advisers, who previously relied upon investment-related expertise to differentiate their services, may find they are prohibited from rendering investment advice to plan fiduciaries or participants, as most broker-dealers, for example, do not permit their representatives to act as fiduciaries under ERISA. The areas in which employers are likely to need the most guidance going forward, however, relate to the selection and monitoring of the plan’s service providers, plan administration, reporting, etc. Fortunately, plan advisers can support their clients with these duties in a way that does not bestow fiduciary status to the plan adviser.

The Adviser Resource Series (ARS) is designed to assist plan advisers in developing a framework to facilitate their clients with the operation and management of their plans. From actionable fiduciary education to proprietary policies and procedures, the ARS helps maximize the value of the adviser to plan fiduciaries and participants. Additionally, the ARS materials promote opportunities to scale the adviser’s services across all clients through consistent and predictable processes. Advisers who utilize the ARS approach will be well-positioned to retain existing clients and more effectively prospect new plans as the regulatory landscape continues to evolve.

## II. ARS TOOLS AND RESOURCES

### 1. Plan Needs Assessment

The ARS program begins with a Plan Needs Assessment that examines and documents the plan fiduciaries’ goals with respect to the how the plan is managed. The Plan Needs Assessment takes into account the following foundational information:

- participant demographics, behaviors, etc;
- utilization of current services;
- internal expertise and resources; and
- plan sponsor goals.

Plan advisers can utilize the output of the Plan Needs Assessment to help align the goals of the employer with available internal and third-party resources. Memorializing the basis for which decisions are made will mitigate legal and regulatory risks regarding the adviser’s recommendations and can serve as a point of reference for plan fiduciaries from which to determine the overall effectiveness of the plan and its service providers.



## 2. Fiduciary Education and Sample Documents

The ARS education materials provide a framework from which advisers can use to train employers regarding the effective allocation of roles and responsibilities among the plan fiduciaries and across the plan’s service providers. The ARS sample documents provide advisers with model language and illustrations to facilitate the following objectives:

- alignment of the plan document with intended delegation of duties;
- development of appropriate committee structure for each fiduciary function (e.g., investment selection/monitoring, service provider evaluations; administration and reporting, etc.); and
- documentation of delegation(s) of fiduciary duties to third parties and coordination among service providers.

Once the roles of the parties are established and documented, the ARS prototype policies and procedures are designed to help the adviser support plan fiduciaries with the implementation and maintenance of duties through specific written processes across all committee functions. Specifically, the ARS procedures address the following items:

- information gathering;
- analysis and decision making;
- administration and reporting; and
- “exam ready” document retention.

The prototype policies and procedures are designed to highlight the role of the plan adviser by “inserting” them into the processes as the “quarterback” of the processes.

## 3. Marketing Support and Adviser Resources

Building upon the foregoing, the ARS materials include a series of Fiduciary Factsheets outlining key areas of fiduciary responsibilities for plan fiduciaries and demonstrating the value of working with experienced retirement plan advisers to facilitate compliance. For example, the Disclosure Support Fiduciary Factsheet objectively speaks to the need for plan fiduciaries to have a consistent framework in place to evaluate the fees and services of the plan’s service providers pursuant to ERISA 408(b)(2). The accompanying Adviser Brief helps the plan adviser articulate their role in supporting plan fiduciaries using the appropriate Flowcharts and Checklists. The Fiduciary Factsheets, Checklists and Flowcharts are modular so that the plan adviser can elect to introduce any combination of the following services based upon the needs of the plan and the compensation available to the adviser:

- Disclosure Support;
- Participant Fee Education and Inquiry Management;
- Committee Configuration and Document Retention; and
- Outcome-Orientated Employee Education.

## 4. Legislative and Regulatory Updates

PRI provides ongoing support to ARS subscribers through its proprietary website and quarterly webinars. All web-based ARS materials are continuously updated to reflect new legislation, regulations, enforcement initiatives and litigation. The ARS webinars are designed to keep plan advisers abreast of such changes and to enhance client retention and prospecting opportunities through the effective use of the ARS materials.