

18 Questions for Participant-Directed Retirement Plans

Questions 1-5 will help you determine satisfaction with the current investment menu, provider(s) and performance.

1. How happy are owners and decision-makers with their investment choices and performance?
2. How happy are participants with investment choices and performance?
3. How do you evaluate whether your plan's investment managers are performing up to par?
4. Have any investment choices greatly under-performed expectations and why?
5. Do you feel restricted by the investment choices offered through a "turnkey" provider?

Questions 6-9 will help you determine the need for investment process, strategy and policy.

6. What process led to the selection of your current investment menu?
7. What is the process for reviewing your current investment menu and manager performance?
8. Do you have an Investment Policy Statement?
9. Do you understand how an Investment Policy Statement can help fiduciaries limit liability?

Questions 10-14 will help you evaluate Department of Labor Rule 404(c) and whether plan trustees should consider seeking its "safe harbor" protection.

10. Are you aware of opportunities to shift investment responsibility to participants?
11. Do you have an attorney, consultant or actuary advising the plan on 404(c) compliance?
12. Have you made a decision on whether or not to seek the "safe harbor" protections of 404(c)?
13. Are you aware that Rule 404(c) requires the plan to give participants not only the ability to select investments and diversify strategies, but also the information to make informed decisions?
14. Have you taken steps to meet the "participant information" requirements of 404(c)?

Questions 15-18 will identify problems with investment reporting, participant education or other provider services.

15. Are your participants able to make timely investment transfers and re-allocations?
16. Do your participants complain about inaccurate or confusing investment information on their statements?
17. Do you feel that participants are obtaining the investment information and education they need to make informed decisions?
18. Do your ethnic employees need special educations, taught in a second language?