



# Your Role as an ERISA Plan Fiduciary

Presented by  **Resolute**  
wealth advisor

A personal perspective  
on wealth



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President



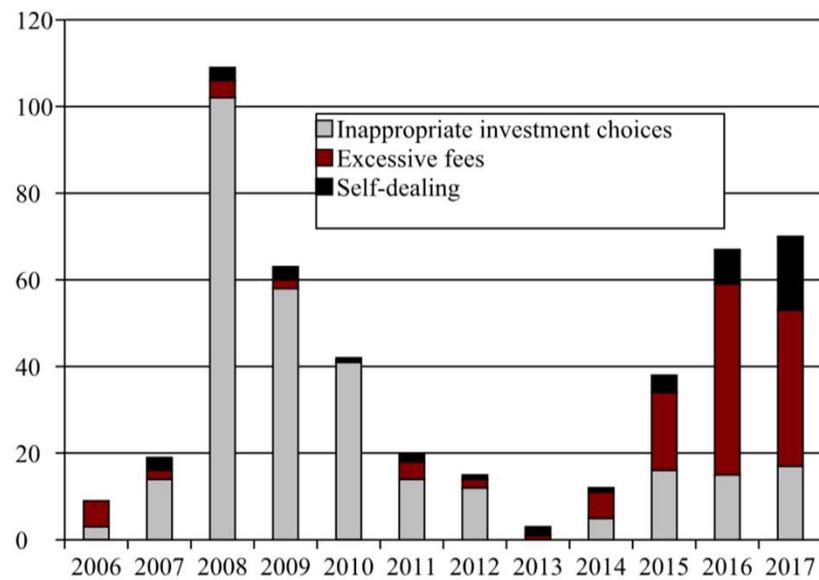
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Number of Complaints Related to 401(k) Plans by Type of Complaint, 2006-2017



Source: Bloomberg Bureau of National Affairs, *ERISA Litigation Tracker* (2018).

## Exploring the Causes and Potential Consequences of ERISA Plan Litigation



Although there has been an increase ERISA Retirement Plan lawsuits, some employers have yet to take the time to understand their role and responsibility towards being a fiduciary for their company's retirement plan.

Employers risk personal liability when these fiduciary standards are not met.

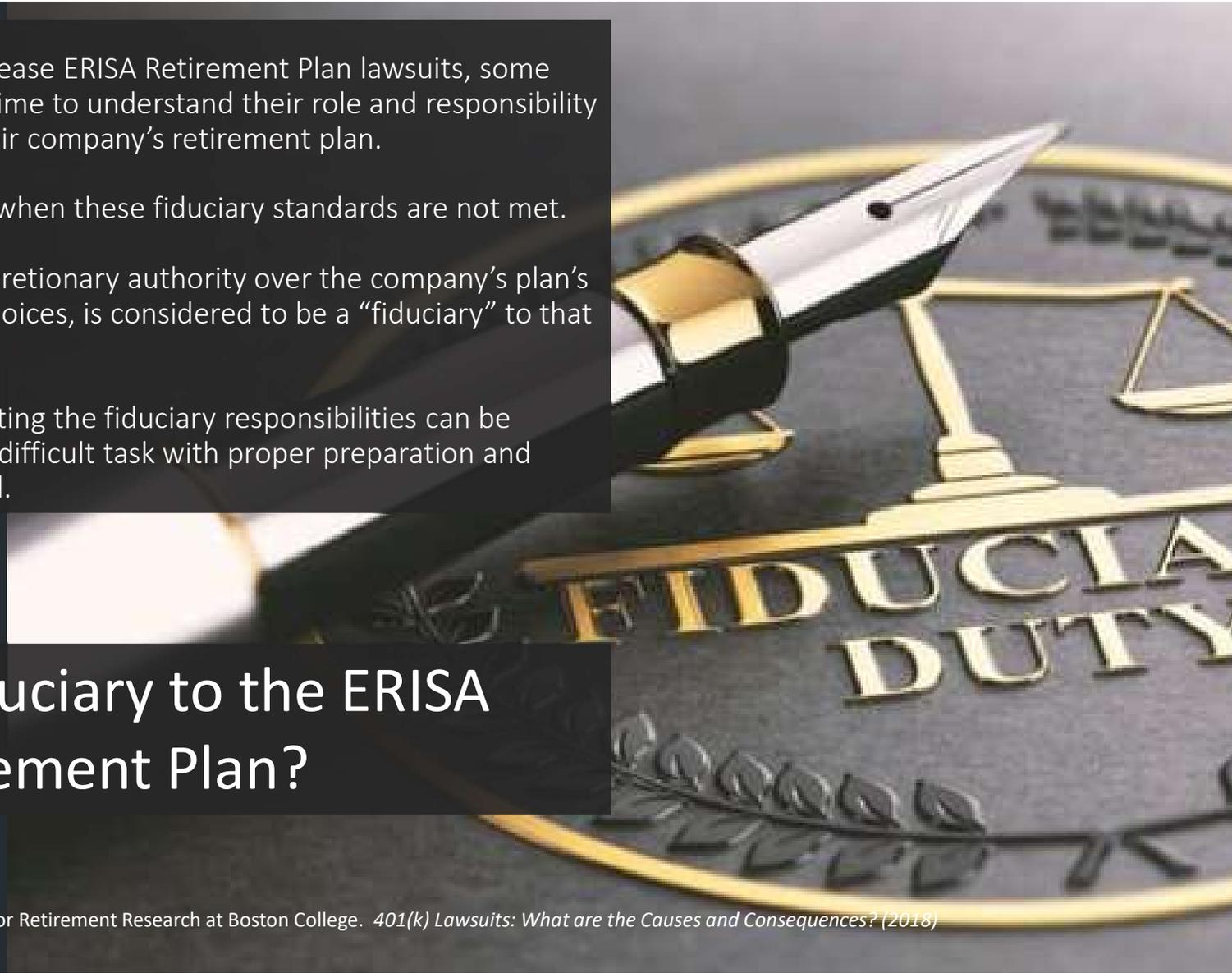
Any individual or entity with discretionary authority over the company's plan's administration, or investment choices, is considered to be a "fiduciary" to that plan.

While the consequences of meeting the fiduciary responsibilities can be severe, avoiding liability is not a difficult task with proper preparation and documentation being completed.

## Who is a Fiduciary to the ERISA Retirement Plan?



Source: Center for Retirement Research at Boston College. *401(k) Lawsuits: What are the Causes and Consequences?* (2018)



What Are the  
Key Duties  
of ERISA  
Fiduciaries?

1. Loyalty
2. Documentation
3. Prudence
4. Diversification
5. Reasonable Plan Expense



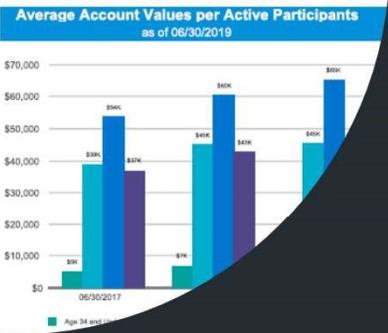
# Six Objectives for Meeting Fiduciary Responsibilities

1. Selecting “prudent” investment options as part of the fund line-up available to plan participants
2. Satisfying administration responsibilities, such as any plan testing, disclosure delivery requirements, or determining eligibility of participants
3. Determining and benchmarking ERISA Retirement Plan fees to ensure only reasonable and necessary fees have been paid by the plan
4. Depositing employee contributions on time; within 15 days from when contributions were withheld from employee’s pay
5. Ensuring that the plan is secured by an ERISA Fidelity Bond; covering the lesser of 10% of plan assets or \$500,000
6. Choosing an ERISA Plan service provider, with continuous monitoring.

Source: U.S. Department of Labor. *Meeting Your Fiduciary Responsibilities*. 2017.

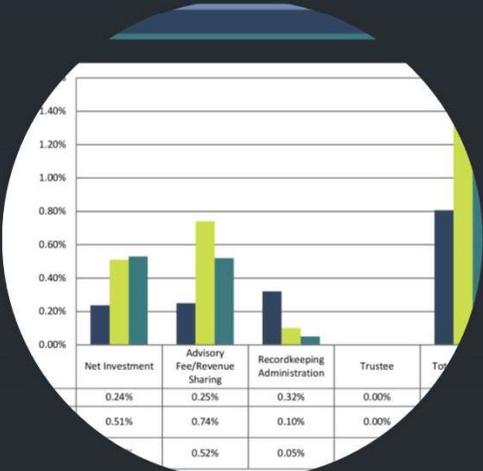


# How can you maintain compliance with today's fiduciary standards for ERISA Retirement Plans?



**Design and Settings as of 07/09/2019**

Yes - 5.00%	ACA
Yes - 1.00%	Yes - One Time (01/01/2015), 5.0%
Yes	Yes
Yes	Yes - 1/1 Annual Increase Date
Yes	Yes
1	No Match
Yes	N/A



**Performance (Ticker) Type Score 1 Yr 3 Yr**

Fund Name	Type	Score	1 Yr	3 Yr
Fidelity Balanced (FBALX)	MF	243	217	211
Vanguard Mid Cap Index Admiral (VIMAX)	MF	409	604	593
Vanguard Inflation-Protected Secs Adm (VAPX)	MF	390	364	318
Vanguard 500 Index Admiral (VFIAX)	MF	1,298	1,213	1,187
Eston Vance Floating Rate Adv (EABLX)	MF	278	275	213
T. Rowe Price Growth Stock I (PRUPX)	MF	1,115	1,256	1,178
Vanguard Growth Index Admiral (VIGAX)	MF	1,315	1,266	1,178
Vanguard Short-Term Investment-Grade Adm (VFSUX)	MF	441	522	489
Vanguard Total Intl Bd Idx Admiral (VTABX)	MF	87	75	69
Vanguard Small Cap Index Adm (VSMAX)	MF	639	624	547
Vanguard Small Cap Growth Index Admiral (VSGAX)	MF	617	602	551
Dodge & Cox Income (DDOIX)	MF	26	30	23
DFA International Small Cap Value I (DISVX)	MF	49	39	26
American Funds European Growth R6 (BERGX)	MF	53	31	19
Vanguard Mid Cap Growth Inv (VMGRX)	MF	61	53	54
DFA Emerging Markets Core Equity I (DPECX)	MF	66	59	28
DFA US Small Cap Value I (DFSVX)	MF	66	64	39
DFA US Large Cap Value I (DFLVX)	MF	67	49	27

## ABC Corporation Investment Policy Statement

### Part I. THE PLAN

The Company sponsors a defined contribution plan (the "Plan") for the benefit of its employees and their designated beneficiaries. The Plan is intended to provide participating employees long-term accumulation of savings through contributions to individual participant accounts and the earnings thereon.

The Plan is a qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including section 401(a) of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the options and their asset allocation.

As described in part VII, the Plan is intended to constitute a participant-directed plan described in ERISA section 404(c) and Department of Labor Regulations section 2550.404c-1

### Part II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Statement is intended to assist the Plan's fiduciaries by outlining the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options offered by the Plan.

This Statement will be reviewed periodically, and, if appropriate, may be amended from time to time. It is not expected that this Statement will change frequently. In particular, short-term changes in the financial markets should not require amendments to this Statement.

This Investment Policy Statement (including the criteria for the selection and monitoring of investment options under the Plan) does not apply to employer securities (also known as Company stock) if offered under the Plan.

This Investment Policy Statement should be reviewed by an attorney knowledgeable in the specific area of the law. Any change to this policy should be communicated in writing and on a timely basis to all interested parties. If any term or condition of this Investment Policy Statement conflicts with any trust and/or plan document, the document shall control, as long as such term or condition is consistent with the law.



Key Items  
To Monitor  
As a Fiduciary

- Aggregate Investment Allocation
- Mutual Fund Performance
- Participation & Contribution Rates
- Fee & Expense Reporting  
with Comparison to Benchmarks
- Creating and Maintaining the  
Investment Policy Statement



# Tips for Employers with Retirement Plans



## MEETING YOUR FIDUCIARY RESPONSIBILITIES

### TIPS FOR EMPLOYERS WITH RETIREMENT PLANS

Understanding fiduciary responsibilities is important for the security of a retirement plan and compliance with the law. The following tips may be a helpful starting point:

- Have you identified your plan fiduciaries, and are they clear about the extent of their fiduciary responsibilities?
- If participants make their own investment decisions, have you provided the plan and investment related information participants need to make informed decisions about the management of their individual accounts? Have you provided sufficient information for them to exercise control in making investment decisions?
- Are you aware of the schedule to deposit participants' contributions in the plan, and have you made sure it complies with the law?
- If you are hiring third-party service providers, have you looked at a number of providers, given each potential provider the same information, and considered whether the fees are reasonable for the services provided?
- Have you documented the hiring process?
- Are you prepared to monitor your plan's service providers?
- Have you identified parties in interest to the plan and taken steps to monitor transactions with them?
- Are you aware of the major exemptions under ERISA that permit transactions with parties in interest, especially those key for plan operations (such as hiring service providers and making plan loans to participants)?
- Have you reviewed your plan document in light of current plan operations and made necessary updates? After amending the plan, have you provided participants with an updated SPD or SMM?
- Do those individuals handling plan funds or other plan property have a fidelity bond?

Source: U.S. Department of Labor. *Meeting Your Fiduciary Responsibilities*.

## Completing Your Fiduciary Review

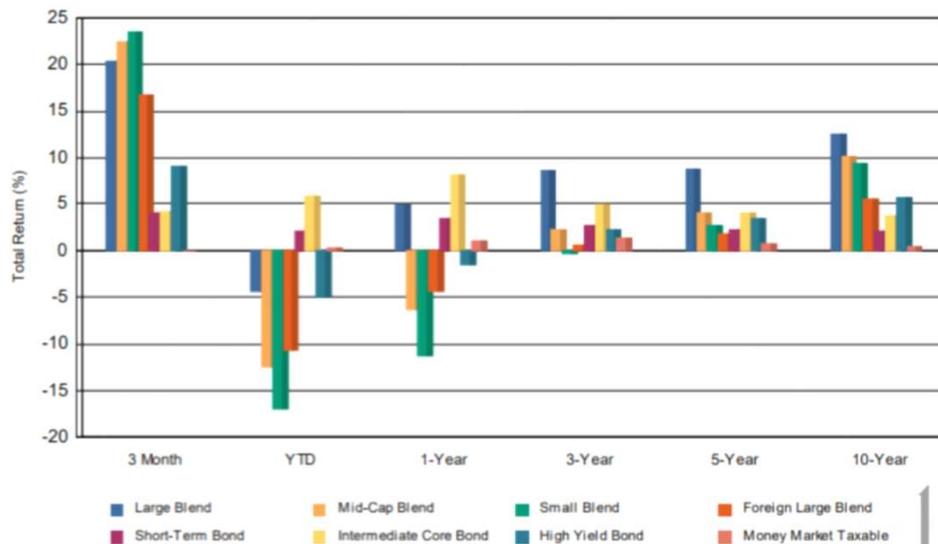
- Plan to complete a Fiduciary Review *at least* annually
- Meet with the Plan Administrators to review investment line-up, performance, fees and expenses, and employee participation in the plan.
- Work with Plan Advisor to facilitate changes to the fund line-up, as deemed necessary from your Fiduciary Review
- Benchmark the plan's associated fees and expenses to assess the reasonableness of the fees for the services provided.
- Work with ERISA counsel to create, review, and make any changes to the plan's Investment Policy Statement.



# Monitoring Report

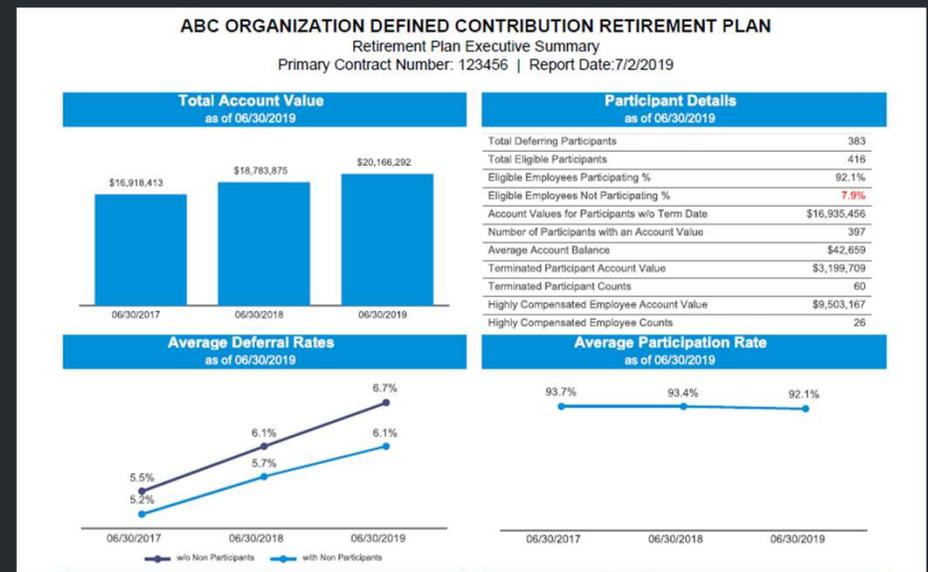
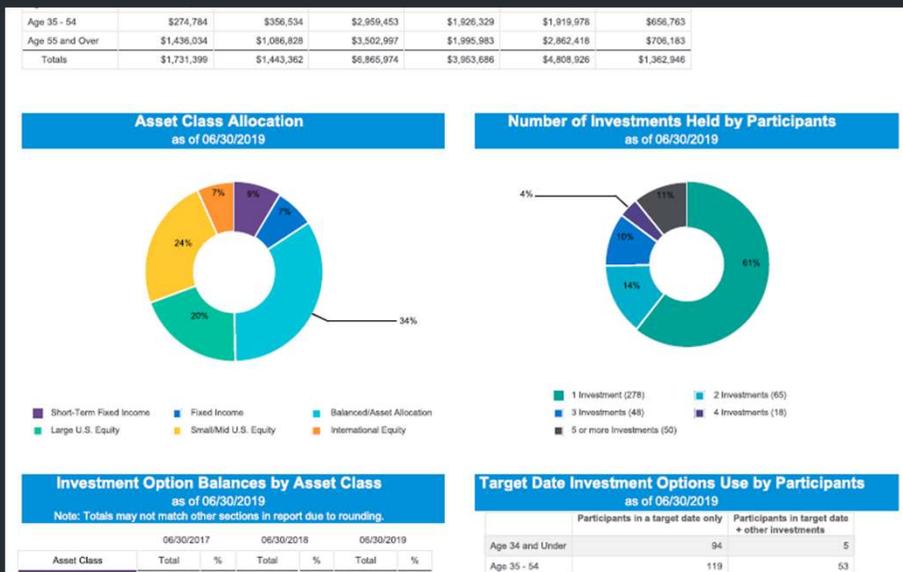
## Performance Summary - Broad Market (Total Returns)

Mutual Fund/ETF Peer Group	3-Month	YTD	1-Year	3-Year	5-Year	10-Year
Large Blend	20.36%	-4.35%	4.85%	8.63%	8.84%	12.57%
Mid-Cap Blend	22.49%	-12.43%	-6.28%	2.24%	4.07%	10.12%
Small Blend	23.46%	-17.00%	-11.30%	-0.40%	2.67%	9.45%
Foreign Large Blend	16.78%	-10.74%	-4.37%	0.57%	1.75%	5.48%
Short-Term Bond	4.06%	2.13%	3.36%	2.64%	2.21%	2.02%
Intermediate Core Bond	4.12%	5.86%	8.19%	4.89%	3.97%	3.72%
High Yield Bond	9.16%	-4.92%	-1.47%	2.26%	3.47%	5.65%
Money Market Taxable	0.00%	0.26%	1.07%	1.28%	0.79%	0.39%



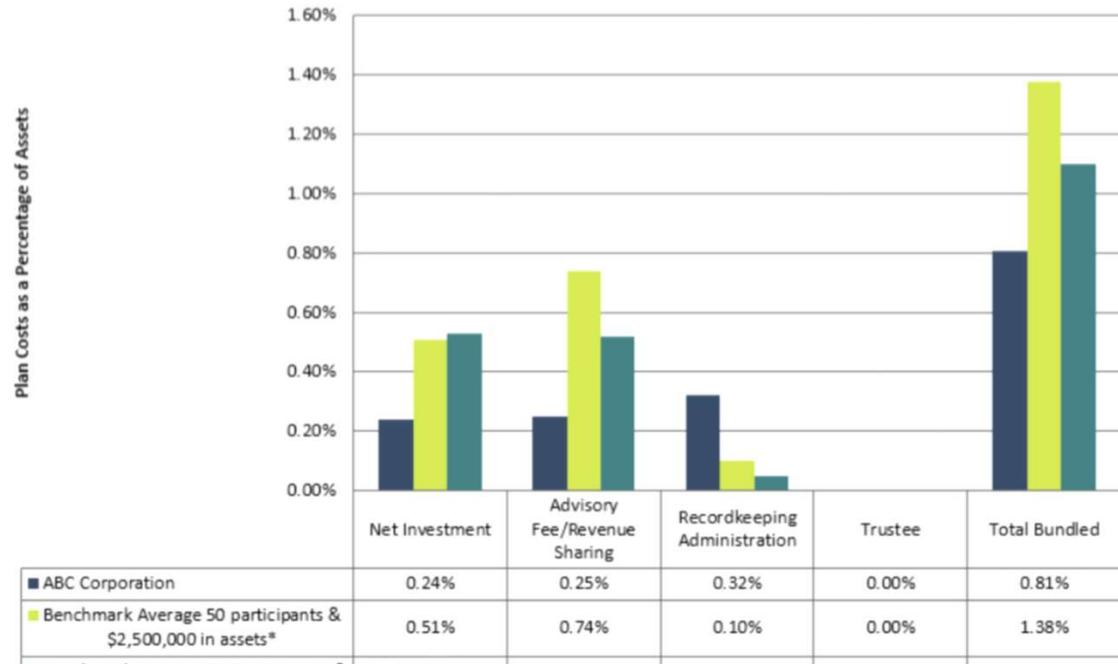
# Retirement Plan Executive Summary

- Identifies trends in participation, deferral rates, and the average account balance
- Provides Fiduciary oversight by allowing plan administrators to determine areas for improving the employee experience and participation



# Fee & Expense Reporting and Benchmarking

**Total Plan Costs Comparison**





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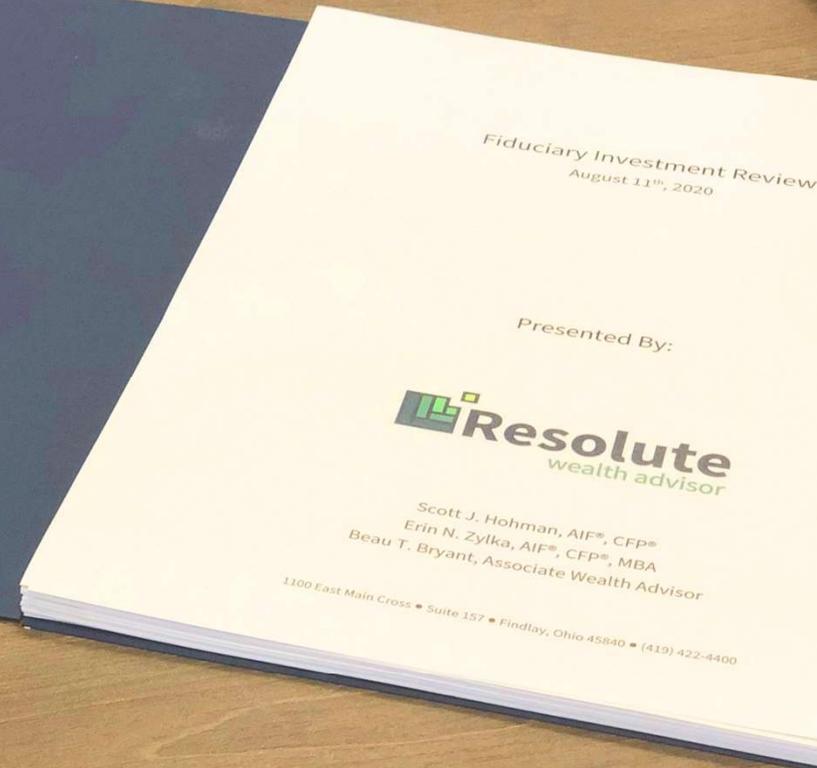
This Investment Policy Statement (including the criteria for the selection and monitoring of investment

# Investment Policy Statement





Collaborates with Plan Fiduciaries  
to Complete the Review



# The Participant Experience

Resolute Wealth Advisor works with employees to:

- Complete enrollment into Retirement Plan
- Select a deferral percentage
- Guide the participant through the tools available to them to assist in investment decision-making
- Serve as first point-of-contact with any service questions the participant has
- Educate participants on the various planning tools available through the provider's website.



# Participant Tools and Resources

**401(k) Plan**  
Franklin Login - ABC DEFINED CONTRIBUTION PLAN

ABCLOGO

Overview ▾ Contributions ▾ Investments ▾ Loans & Withdrawals ▾ Rollovers ▾ Retirement Planning ▾

## Retirement Wellness Planner

[Retirement Outlook Report](#) [Print](#)

Great news! If you have a health savings account (HSA) with ABC HSA Provider that you're using for long-term planning, it's even easier to include it in your Retirement Wellness Score. See what kind of impact it might have in just a few clicks. [Add your HSA now >](#)

Your plan for retirement is a great idea, Franklin! Simply adjust information below and watch how your Retirement Wellness Score can improve. In a few minutes to see how simple changes now can help boost your financial security in retirement.

**Retirement Wellness Score** 71

**Household Score**

Category	Value	Notes
You Need	\$5,313/month	in retirement
We Estimate You Will Have	\$4,998/month	in retirement
You May Be SHORT	\$315/month	extra in retirement

If you spend this much, your savings may run out by age 71. \$2,400 of this is estimated to be guaranteed by Social Security.

**Account Inputs**

- Current balance: **\$10,960.10** (As of July 20, 2020)
- Your estimated monthly retirement income is **\$5,398.00**
- Vested balance: **\$7,615.10**
- Personalized Rate of Return since January 01, 2019: **1.67%**
- Gain/Loss since January 01, 2020: **↑ \$1.31**
- Pre-tax contribution amount: **11.00%**
- Roth (after-tax) contribution amount: **12.00%**

**Account Balance**

Account Balance chart showing projected growth from \$100K to \$1,000K over time.

**401(k) Account (Smartphone View)**

Current balance: **\$10,960.10**  
As of July 20, 2020

Your estimated monthly retirement income is **\$5,398.00**

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Gain/Loss since January 01, 2020: **↑ \$1.31**

Pre-tax contribution amount: **11.00%**

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# Recent Changes to the Private-Sector Retirement System

401K

- The SECURE Act (2019) introduced a number of changes:
  - Increase in Business Tax Credit to offset Retirement Plan start-up costs
  - Encouraging employers to adopt automatic enrollment for newly-hired employees<sup>1</sup>
  - Allows unrelated, small employers to create a Pooled Employer Plan (PEP), otherwise known as Multiple-Employer Plan (MEP)
  - Changed the age for Required Minimum Distributions (RMDs) from 70 ½ years of age to 72 years of age
  - Part-Time employees are able to participate in the ERISA Retirement Plan, permitting that the employee has completed at least 500 hours of service for 3 consecutive years and is at least age 21.

<sup>1</sup> Source: U.S. Department of Labor Employee Benefits Security Administration. *Automatic Enrollment 401(k) Plans for Small Businesses*. 2019.





## CARES ACT UPDATE: CHANGES IMPACTING RETIREMENT PLANS

- Participants can elect to take a plan loan for the lesser of \$100,000 or 100% of the vested account balance, if the plan currently allows for loans.
- For existing plan loans, payments can be delayed until the end of this year
- Retirement Plan Withdrawals are able to be completed without the participant being subject to 10% early withdrawal penalties, 20% mandatory tax withholding on cash distributions, and employees have three years to repay the withdrawn

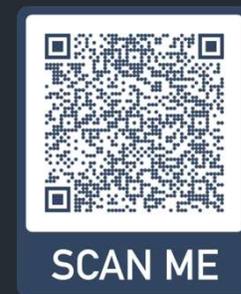
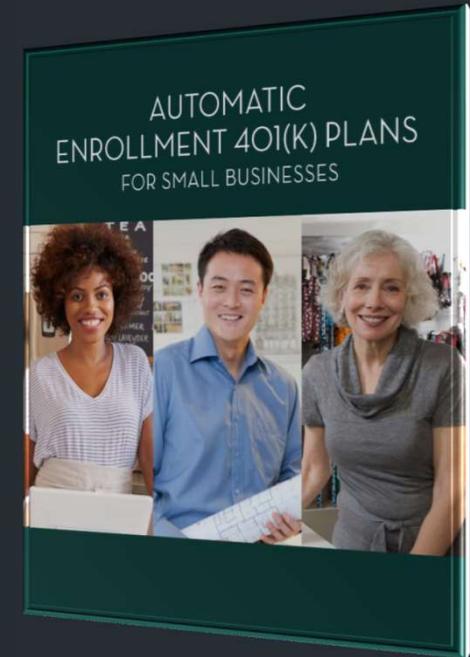
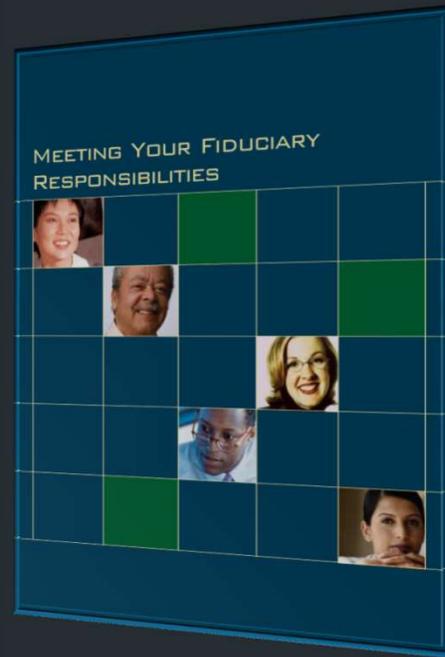
Source: Society for Human Resource Management (SHRM). How the CARES Act Changes Health, Retirement, and Student Loan Benefits. 2020.



# Department of Labor's Guide

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Meeting Your Fiduciary Responsibilities  
&  
Automatic Enrollment 401(k) Plans for  
Small Businesses





## Thank You For Attending

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