

Are you completely
protected from fiduciary
liability with regard
to your company's
retirement plan?



FIDUCIARY RISK MANAGEMENT

MOST PEOPLE WHO HAVE EVER LOST A FIDUCIARY LIABILITY SUIT WERE POSITIVE THEY HAD TOTAL PROTECTION.

MOST RETIREMENT PLANS ARE FLAWED ENOUGH TO RISK LITIGATION.

FOR INSTANCE, DID YOU KNOW:

- › ERISA includes "optional" regulations that offer substantial fiduciary liability exemption opportunities, but few employers comply due to inappropriate guidance?
- › More than 50% of Americans are not on track to meet their retirement needs, and this number is steadily increasing?
- › Last year there were approximately 10,000 ERISA-related lawsuits representing 59% of total labor suits.

WHAT ARE YOUR LIABILITIES?

- › You are personally liable for plan performance even if participants self direct.
- › You can be held liable even if your plan's investment options have exceptional returns.
- › You can follow everything your current advisor tells you and still be liable as a fiduciary.
- › In most instances, the employer assumes all liability and penalties derived from an investigation or audit.

Many attorneys, advisors, and 401(k) providers have fundamentally misinterpreted a sponsor's fiduciary duties under ERISA.

Last year, at least 10,000 lawsuits were ERISA-related.



COMMON MISTAKES:

- ▶ Believing that fiduciary obligations begin and end with investment monitoring.
- ▶ Not adopting appropriate governance policies that can easily and consistently be practiced.
- ▶ Misunderstanding of contractual agreements with service providers.
- ▶ Lack of knowledge of total, personal liability risk due to creative marketing strategies by service providers.
- ▶ Accepting investment specialists as plan experts.
- ▶ Letting advisors and service providers off the hook as fiduciaries permitting them to provide guidance with little consequences for it's appropriateness.
- ▶ Acting based on advice from advisors and service providers who have conflicts of interest.
- ▶ Adopting plan service models with no methods to measure and monitor the impact.
- ▶ Failing to properly communicate plan costs to employees.
- ▶ Lack of understanding that service models are used to sell products.
- ▶ Failing to adequately equip participants to make informed investment and savings decisions.
- ▶ Believing enrollment is education.

WHY DIDN'T YOUR INVESTMENT CONSULTANT OR RECORD KEEPER TELL YOU THIS?

Your company's interests and those of your advisors and service providers are simply not the same. These organizations are first and foremost in the investment business, and they earn money from investment management fees and products your company pays for. That means their primary focus is on investment performance, not retirement plan fiduciary compliance. In many cases, investment consultants have no exposure to liability whatsoever because their contract specifically protects them as spelled out quite clearly in the fine print.

ONE OF THE LARGEST SOURCES OF CLASS ACTION SUITS TODAY IS FIDUCIARY LIABILITY.

Most plan sponsors are convinced that they have completely complied with the law and are unaware of potential danger. Large assets, combined with unknown noncompliance, make them perfect targets for class action lawsuits.



AN EASY WAY TO AVOID TROUBLE. COURTESY OF FIDUCIARY RISK MANAGEMENT.

Simply bring in an independent retirement fiduciary advisor that focuses 100% of their efforts on providing comprehensive guidance to plan sponsors. Make sure that this advisor values what is most important: Meeting the needs of your participants. This means your advisor faces the same fiduciary responsibilities and liabilities you have. The same risk of litigation. The same financial penalties. The same damage to their reputation.

Fiduciary Risk Management (FRM) is an independent co-fiduciary. Our mission is to protect the plan sponsor and provide effective education to employees so they can make better decisions. We provide these services to FORTUNE 1000 companies who are most exposed to significant fiduciary and reputation risk. FRM has no conflicts of interest because we sell no products or plans, nor do we align ourselves with any service provider. We are an independent subsidiary of Habib, Arogeti & Wynne, one of the country's top 100 CPA firms. Most important, protecting our clients from fiduciary liability by assisting them with meeting their obligations is the only thing we do.

If you'd like to speak with someone who can help reduce your fiduciary risk, call us at 404.898.7547.

No one should become involved in a lawsuit that they tried in such good faith to avoid.



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