CAPTRUST

Fiduciary Training to Meet Your Fiduciary Duties

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Understanding Your ERISA Fiduciary Responsibilities as a Retirement Plan Sponsor

The Employee Retirement Income Security Act (ERISA) categorizes most retirement plan sponsors and their plan committee members as fiduciaries.

A *fiduciary* is a person who holds a legal and ethical relationship of trust with another person or a group of people.

As a new plan sponsor, one of the most important steps you can take is to engage in fiduciary training. Sponsoring a retirement plan for your employees means you have a fiduciary duty to act prudently and solely in the best interest of planned participants.

Why Consider Fiduciary Training

Early in your journey as a plan sponsor, it’s critical that you understand what it means to be a fiduciary and how to fulfill your fiduciary duties. Fiduciaries are held to a high standard of conduct and the potential consequences of not understanding can be significant.

Fiduciary training will help committee members understand their duties and responsibilities and what good governance looks like. It’s also a great way to minimize risk through education and governance.

While not a requirement, the Department of Labor (DOL) views fiduciary training as a critical component of prudent oversight, and it frequently looks for evidence of training during plan investigations.

CAPTRUST's Fiduciary Training for New Retirement Plan Sponsors

Whether you're a new or seasoned retirement plan sponsor, CAPTRUST has a robust team of retirement
industry experts who can help. Our fiduciary training for new plan sponsors is part of our ongoing commitment to service beyond expectation.

In this training, we cover fiduciary duties as required under ERISA, but we also help you understand best practices for managing your new retirement plan beyond what's legally required for compliance. These best practices help ensure you are fulfilling your obligations as a fiduciary and making decisions in the best interest of plan participants.

We start by defining who is a fiduciary and what their key responsibilities are.

Next, we explore a fiduciary's **duty of prudence**, which requires that you continually monitor the investments offered within your plan. Merely providing a range of investment choices is not enough. We also discuss resources and options to support your retirement plan committee.

Then, we dive into your **duty of loyalty and impartiality**. This is known as ERISA's *exclusive purpose rule*. It requires that fiduciaries discharge their duties solely in the interest of participants and beneficiaries, not in the interest of the employer.

Plan sponsors also have a **duty to diversify plan investments** and a **duty to monitor and supervise service providers**. Robust training will show you how to evaluate the prudence of any potential vendors and changes to your plan. It will also teach you how to evaluate whether service provider fees are reasonable or not as part of your duty to ensure reasonable costs.

The last piece is your **duty to avoid prohibited transactions**. To make sure employers are not acting in their own self-interest, ERISA spells out five types of transactions to avoid. These are transactions between the plan and a party of interest. They include money lending, the extension of credit, and the sale, exchange, or leasing of any personal property. Fiduciary training will show you how to make necessary transactions without breaking the rules.

After your initial training, it's a good idea to consider ongoing sessions in order to build a deeper understanding and stay informed of current trends, updated regulations, and litigation outcomes. But remember, throughout your journey as a retirement plan sponsor, CAPTRUST is here to help.

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