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The Governance Paper Trail

Rashad Sullivan: For retirement plan committee members, it can feel like the rules are constantly changing. But if there's one theme that stands out in today's regulatory environment, documentation matters more than ever. Not because regulators suddenly care more about paperwork, but because documentation is often the strongest evidence that fiduciaries are doing their job

When the Department of Labor investigates a retirement plan, they're usually not asking whether every decision turned out perfectly. Instead, they're looking for evidence of a prudent process. They want evidence of the process used, the information considered, who participated, and how decisions were made in participants' best interests Consider fee oversight.

Most committees understand they have a responsibility to monitor fees. Regulators aren't necessarily looking for the lowest cost provider or the cheapest investments. They're looking for documented processes. Did the committee review fees, evaluate services, and benchmark costs against the marketplace?

And is there documentation showing that review took place? Here are a few key tips for effective documentation. First, document discussion, not just the decision. Committee minutes don't need to be transcripts, but they should capture key discussions, materials reviewed, questions asked, and factors considered.

For example, if the committee keeps an investment on watch rather than replacing it, the minutes should explain why. Second, save the materials that inform the decision. Keep benchmarking reports, fee analysis, investment reviews, cybersecurity assessments, and other materials with committee records.

Together, they help tell the full story. Third, document reviews even when no changes are made. One of the most common mistakes committees make is only documenting action items, but some of the most important fiduciary work involves ongoing monitoring. Fourth, make meeting minutes standard practice.

Reconstructing decisions months later for an audit or a regulatory inquiry is far more difficult than documenting in real time. A simple framework is to record. What did we review? What decisions did we make? Why did we make them? What follow-up actions are required? CAPTRUST prepares meeting minutes for quarterly committee meetings and provides them to the committee for review and approval, helping create a clear record of the decision-making process.

Finally, pay close attention to areas receiving increased scrutiny, including cybersecurity, service provider oversight, fee reviews, secure two point oh implementation, and new investment or retirement income solutions. The good news is that effective documentation doesn't require lengthy records. It requires consistency.

A clear record of the information reviewed, discussions held, and rationale behind decisions can go a long way toward demonstrating prudent fiduciary oversight. Because good documentation isn't just a paper trail, it's evidence that the committee fulfilled its most important responsibility, acting in participants' best interests.