

## CASE STUDY

# Fostering a Compliant and Equitable Retirement Plan for All Participants

## Executive Summary

The company's investment committee was concerned about the lack of strategic insight and advice from their advisor and suspected it was an indicator of a deeper problem. The committee asked HUB to review their retirement plan.

### PROFILE

Manufacturer with \$200 million in 401(k) assets and 700 employees

### CHALLENGE

HUB quickly discovered that the client was facing a major fiduciary breach. The client's investment committee was unaware that the hidden fund commissions used to pay the advisor and plan provider were not equally assessed on all of the investment options. Half of the participants were being auto enrolled into expensive target date funds; the other half were invested in low-cost institutional funds. In short, the participants who were auto enrolled in the plan were paying close to 200 percent more in plan fees compared to other participants.

### SOLUTION

When HUB uncovers this type of problem when evaluating a client's retirement plan, immediate corrective action is the likely recommendation. With HUB's assistance, the company moved quickly to make its 401(k) plan compliant and offered a revamped fund lineup to make the plan as equitable and competitive as possible for all plan participants. HUB took the following action:

- Signed on as a discretionary investment advisor (ERISA 3(38)) to shoulder the fiduciary duty of managing plan assets, including ongoing investment selection and monitoring.
- Adjusted the fund lineup to include all institutionally priced funds, reducing investment costs across the board.
- Negotiated a 45% reduction in fees from the plan's recordkeeper.
- Re-established the investment committee with a sound Investment Policy Statement and memorialized with a Corporate Charter. The plan is now managed in accordance with Department of Labor (DOL) standards, which require clarification of roles and responsibilities.
- Created a Fiduciary Briefcase (secure online portal) that stores critical plan information alongside any DOL-required plan documentation. If audited by the DOL, the client will now be able to produce documentation that includes meeting minutes, plan documents, an Investment Policy Statement and more.

Proper investment oversight is essential to the success of your retirement program yet many companies don't fully understand the subtleties of investment fees and commissions, and are often unaware that they may have significant fiduciary exposure.

**Contact HUB Retirement and Private Wealth Management** to review your company's 401(k) plan. We'll work with you to develop a compliant retirement program that is competitive and equitable for all.

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