

What's Important in 2025: Plan Committee Key Responsibilities

By Fred Reish
Faegre, Drinker, Biddle and Reath

The management and oversight of qualified retirement plans, such as 401(k) plans, continue to evolve with changing laws and regulations, new investments and services, and participant expectations. Plan committees play a pivotal role in ensuring their firm's plans are administered in compliance with legal standards while meeting participant needs. This article explores the key issues and responsibilities that plan committees must prioritize in 2025, focusing on the fulfillment of their fiduciary duties.

Plan Committees and Fiduciaries

The officers and managers who oversee the operations of qualified retirement plans are fiduciaries under the Employee Retirement Income Security Act (ERISA). To fulfill their legal responsibilities of prudence and loyalty to plan participants, they often operate as a plan committee.

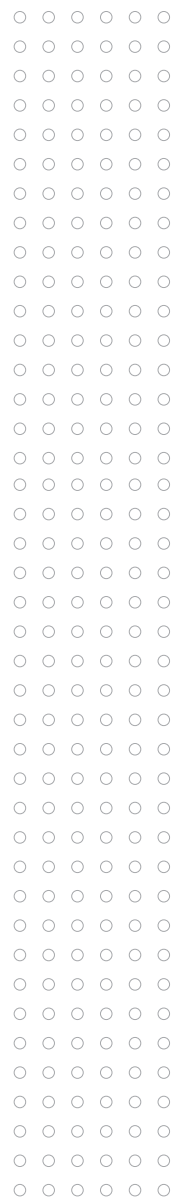
The law—the Employee Retirement Income Security Act, ERISA—requires that committee members make decisions about plan investments and administration in a careful, skillful, diligent and prudent manner. In satisfying that standard, the law imposes a standard of a knowledgeable person...about investments and plan operation and the associated costs. However, the law also says that, where committee members do not have the required knowledge or experience, they can, and should, hire advisors to help them.

In fulfilling those duties, committees will need to make a number of decisions and monitor prior decisions over the course of each year. But, how can they know what those decisions are and how to perform those duties. That is where a knowledgeable and experience adviser can help.

A good practice is to work with the advisor to set an annual agenda for committee decisions.

Key Responsibilities for Quarterly Plan Committee Meetings

Fiduciary duties require that committees make timely decisions and regularly monitor the performance of plan investments, service providers, and administrative processes—and the fees and costs for those services and investments. A common “best practice” is to schedule quarterly committee meetings, each focused on specific aspects of the management and operation of the plan.



Quarterly Agenda Recommendations

The members of a plan committee will need to consider a range of issues over the course of a year. One way cover all of the necessary decisions—both for selection of investments and providers—is to create agendas for the four quarterly meetings which, in combination, cover all of the important issues and decisions. Here are examples of some of the subjects that should be covered, but of course, there are many more items than those listed below:

- 1. First Quarter:** Review, or monitor, prior decisions about investment managers, including a review of their performance; consider whether the plan has the appropriate share classes of its investments; and review investment expenses. These **are legally required decisions.**
- 2. Second Quarter:** Evaluate service provider performance and fees and costs for those services; consider any participant complaints about the services. These are legally required decisions.
- 3. Third Quarter:** Fiduciary education for plan committee members, covering legal duties, litigation trends, Department of Labor (DOL) investigations, and industry developments. These are not legally required activities but are best practices that can **help committee members better perform their jobs.**
- 4. Fourth Quarter:** Review and assess plan metrics, including participant outcomes (e.g., plan participation, deferral rates, investing and retirement readiness), and identify potential opportunities for improvements for the upcoming year. These are not legally required but are best practices that can improve the plan results and that can help committee members better perform their duties.

These are just examples of items to include on the committee’s agendas over the course of a year. There are other important issues to examine and decisions to make. Some are legally required and others are best practices. Taken together, they can help the plan be successful and can manage the litigation risk for the committee members and the plan sponsor. A comprehensive set of quarterly agendas can be a good tool for committee members to cover all of their responsibilities each year.

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