

## How Should a Plan Sponsor Evaluate Their Current Defined Benefit/Defined Contribution Plan Investment Consultant?

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Much has been written about how plan sponsors might select an investment consultant. But after one is selected and years have passed, what metrics should a plan sponsor use to evaluate a consultant's ongoing contribution?

Here are some of the key areas I believe a plan sponsor should review on a regular basis with their consultant. While this list is not meant to be all-encompassing, it should provide a basic blueprint for an ongoing dialogue.

### Fiduciary Responsibilities and Documentation

- What type of credentials does the consultant maintain?
- Has my consultant acknowledged in writing they are a fiduciary under 3(21) of ERISA regarding the advice they provide?
- Does my consultant provide plan sponsor training for our committee?
- Does my consultant provide templates or checklists to assist me with my fiduciary responsibilities?

### Employee Education

- Do we have an employee education policy statement?
- Is group employee education available in-person?
- Are the seminars offered appropriate for our workforce?
- Is there education targeted to employees that are or will be transitioning to retirement?
- Have we discussed the addition of the "autos" to help employees prepare for retirement?
  - » Automatic enrollment
  - » Automatic increases
  - » Automatic management
  - » Automatic income for life

### Investments

- Do we meet quarterly with my consultant to review the investments?
- Have we compared separate accounts, mutual funds, or passive indexing choices?
- Have we compared the benefits of using a single fund family vs. open architecture?
- Do we have a screening process for adding funds?
- Do we have a process for replacing funds?
- Do we have a process for selecting and monitoring our qualified default investment?
- Target date funds
  - » Do we understand the risk exposure at every target date?
  - » Have we compared single fund family vs. multiple fund families?
  - » Do we have conservative, moderate, and aggressive allocations?
  - » Have we compared linear allocations vs. convex allocations?
- Defined benefit plans
  - » Have we completed an asset liability study?
  - » Have we reviewed different investment approaches based on the studies?
  - » Have we discussed the use of alternative investments?


### Administration of the Plan

- Is there a written agreement that outlines the services provided by my consultant?
- Can my consultant work with both bundled and unbundled providers?
- Does my consultant coordinate with my plan providers and actuary?
- Are my participants utilizing the web and phone services offered by my providers?

- Am I satisfied with the services I am receiving from my service providers?
- Have I been provided benchmarking studies allowing me to compare my plan to other plans?
- Does my consultant keep me informed of legislative updates that may impact my retirement programs?

### Costs

- Do I understand the fees being paid to all of my providers, including my consultant?
- Have all conflicts of interest been disclosed to me?
- Do we review the fees no less frequently than annually?

While the above "check list" is by no means all-inclusive, it does provide a plan sponsor a basic guideline as to what they should look for in their consultant. If you feel your consultant is not meeting the needs of you and your employees, then it might be time to look for a new one. 

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