

401(k) Plans: Meeting the Fiduciary Responsibility

401(k) fiduciaries are held to a high standard to select and monitor the investments in their plan, not by a layperson’s standard but as a professional investment manager. Plan sponsors who lack expertise are not excused and have a duty under ERISA¹ to seek assistance from professional advisors.

Managing Fiduciary Risk Under ERISA	Can AssetMark assume this responsibility?
Employers who take on the fiduciary role are expected to manage their participating employees’ assets in a special relationship of trust, confidence, and legal responsibility.	Yes
Research and select a diversified range of investment options based on expected risk, returns, asset class correlations, and deep knowledge of the investment marketplace	Yes
Ongoing investment monitoring using a combination of quantitative and qualitative evaluation methods—and replace plan investment options as needed	Yes
Create and follow an Investment Policy Statement to be used in selecting and implementing the plan’s investment lineup	Yes
Review investment performance and report it quarterly and annually	Yes
Ensure investment expenses are reasonable	Yes

Hiring an ERISA 3(38) Investment Manager relieves plan sponsors of this burden so they can focus on running their business.

- It's the simplest way to offload fiduciary risk. Hiring an investment manager offers the greatest protection from liabilities related to poor investment selection and monitoring.
- Outsourcing can dramatically reduce the employer's work and cost on a 401(k) plan.
- In case of a DOL audit, an investment manager is better able to meet requirements and document the process.

Plan sponsors remain liable for exercising judgement in choosing and monitoring the 3(38) Investment Manager, taking into account their qualifications and reputation for being prudent and trustworthy.



AssetMark is an ERISA 3(38) Investment Manager. We assume liability for the selection of all investments within the plan and remove plan sponsors from virtually all fiduciary responsibility related to investments. We acknowledge this responsibility in our Client Service Agreement.

Questions?

Contact your Regional Retirement Consultant.

Call 800-378-6777 or email: retirementservices@assetmark.com

¹ ERISA is Employee Retirement Income Security Act of 1974

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Important Information

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