

Retirement Plan Committees

Executive Summary

It’s been said that a committee is a group that keeps minutes and loses hours, but the reality is that they are an essential element in assuring prudent retirement plan operation and administration — even when they are a committee of one. While there is perhaps no “perfect” number of committees — or committee members — their construction, monitoring, and maintenance is critical to their effective operation, as is the design of the plan function(s) they oversee. Little wonder that over the years, PSCA members have been curious as to the experience of other organizations, how

and how often these bodies are benchmarked, how many and who participate, as well as how often they convene in order to comply with those needs.

In response to these inquiries, PSCA conducted a snapshot survey in April 2021 to answer these questions. PSCA received responses from 255 plan sponsors representing a range of industries and plan sizes.

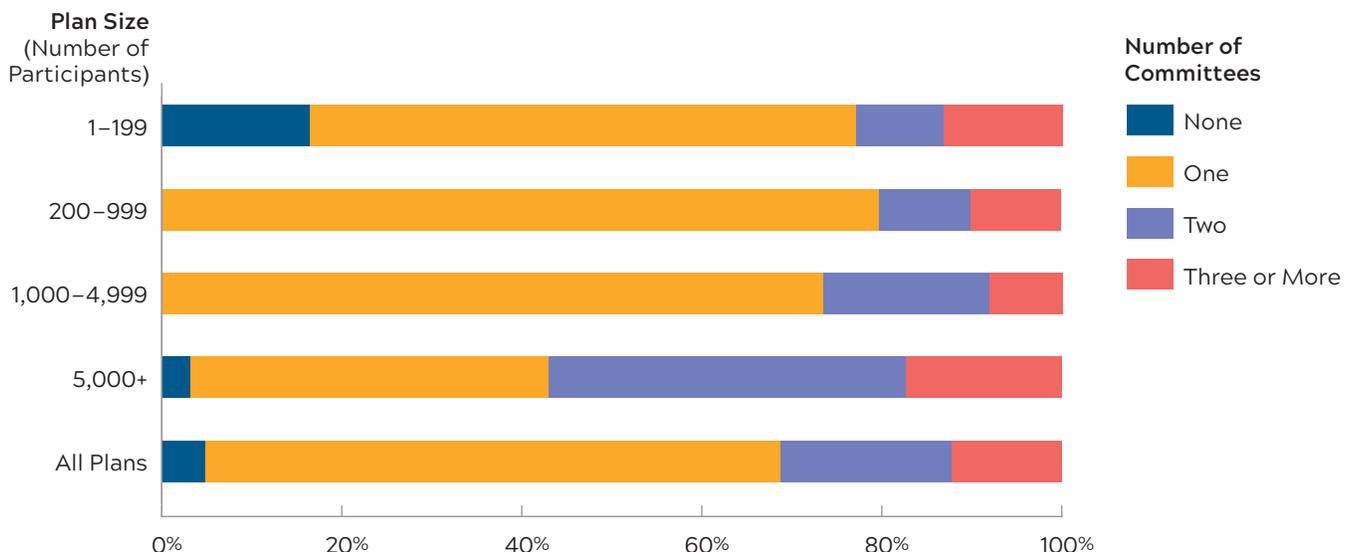
Number of Committees

Though the majority of respondents indicated that their company has one

committee (63.9 percent), there is a wide variety in how those committees are structured and many factors are size-correlated with, perhaps intuitively, larger organizations having more committees and more formalized/structured committees.

Twenty percent of organizations have two retirement-focused committees, but larger organizations are much more likely to have multiple committees — 40 percent of plans with 5,000 or more participants have two committees, versus only 10 percent of plans with fewer than 200 participants. (See Exhibit 1.)

Exhibit 1: Number of Retirement Plan Committees



Retirement Plan Committees

Formalized Committees

Nearly 80 percent of respondents indicated that their organization has a document that formally establishes their plan committee(s), and nearly all large organizations do (93.5 percent of plans with 5,000 or more participants), though it's much less common among smaller organizations (52.8 percent of plans with fewer than 200 participants).

Organizations are less likely to have a formal document that specifies which job positions serve on which committees (38.2 percent of plans). However, the size correlation also holds true here — twice as many (54.1 percent) large organizations have one than do smaller organizations (26.4 percent). (See Exhibit 2.)

Committee Participation

The most common criteria for determining who participates on committees is job title, with expertise a close second (particularly on the investment committee), and willingness to participate a distant third. (See Exhibit 3.)

Though the majority of committees have between five and ten participants, this is again size-correlated with smaller organizations much more likely to have fewer than five committee participants and large organizations much more likely to have between five and ten participants. Very few organizations have more than ten participants per committee, and only large organizations do. (See Exhibit 4.)

The picture is mixed regarding member overlap between those com-

mittees. A plurality (44.3 percent) say there is some overlap, and more than one-in-five (22.8 percent) allow that most do. However, a quarter (25.3 percent) do not have any participant overlap between committees.

About two-thirds of organizations have legal counsel participate in committee meetings, though that's the case among only half of organizations with fewer than 1,000 plan participants, in contrast to the 91.9 percent of organizations with more than 5,000 participants. (See Exhibit 5.) Large organizations are also more likely to have internal counsel always participate on committees (66.1 percent) whereas small organizations are more likely to have counsel participate only when specific issues arise (30.2 percent).

Exhibit 2: Organizations That Have Formal Documents Regarding Their Committees

	To Establish Committees	Specify Job Positions per Committee
Yes	78.4%	38.2%
Some Committees, Not All	2.5%	4.1%
Not Yet, Working on One	5.4%	4.6%
No	13.7%	53.1%
	78.4%	100.0%

Exhibit 3: Criteria Used to Determine Committee Participation

	Retirement Plan Administration Committee	Investment Committee
Job Title	76.3%	73.8%
Expertise	59.5%	65.0%
Tenure	7.9%	5.0%
Willingness to Participate	31.6%	32.5%
Gender/Racial Diversity	7.4%	4.4%
Other	11.1%	8.8%

Retirement Plan Committees

Exhibit 4: Number of Participants Per Committee

	Retirement Plan Administration Committee		Investment Committee	
	1-199	5,000+	1-199	5,000+
Less than 5	61.4%	14.9%	51.6%	22.0%
5-10	38.6%	76.6%	48.4%	74.0%
10-15	0.0%	6.4%	0.0%	2.0%
More Than 15	0.0%	2.1%	0.0%	2.0%
	100.0%	100.0%	100.0%	100.0%

Exhibit 5: Legal Counsel Participation in Committee Meetings

	Plan Size (Number of Plan Participants)				
	1-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	50.9%	48.1%	75.5%	91.9%	65.4%

Committees most commonly meet quarterly across the board. However, nearly 90 percent of large organizations hold investment committee meeting

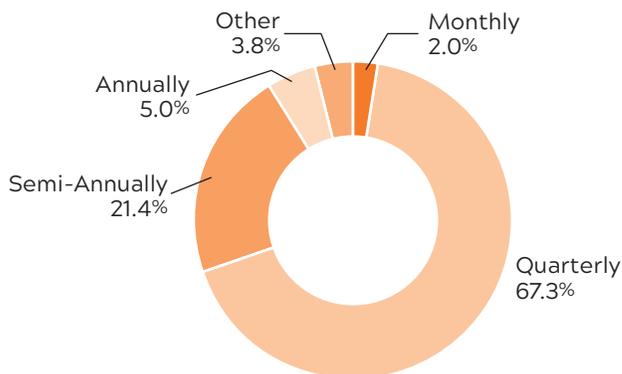
quarterly, whereas fewer than half of small organizations do and nearly 40 percent of small organizations hold them semi-annually. (See Exhibit 6.)

Conclusion

Retirement plan committee structures are as varied as the companies that sponsor them. Though there is perhaps no “wrong” way to structure a retirement committee, most companies have at least one formal committee to oversee retirement plan administration, and many have two. Most committees have between five and ten participants, and though there is no list of job titles that always serve on committees, many companies determine committee participation by job title. At least half of organizations, depending on plan size, also have legal counsel present during committee meetings.

Regardless of committee structure for retirement plan oversight, however, having a documented prudent process in place remains the best practice — and protection — for retirement plan fiduciaries.

Exhibit 6: Frequency the Investment Committee Meets



Retirement Plan Committees

Full Data Tables

Demographics

Table 1 | Respondents by Number of Plan Participants

Plan Size	Respondent Breakdown	
	Number of Plans	Percentage of Plans
1-49	14	5.5%
50-199	49	19.2%
200-999	79	31.0%
1,000-4,999	49	19.2%
5,000+	64	25.1%
	255	100.0%

Table 2 | Respondents by Industry

Industry	Industry Breakdown	
	Number of Plans	Percentage of Plans
Construction/Engineering	15	5.9%
Durable Goods Manufacturing	31	12.2%
Financial	42	16.5%
Healthcare	16	6.3%
Insurance/Real Estate	21	8.2%
Non-Durable Goods Manufacturing	14	5.5%
Non-Profit Organization	25	9.8%
Retail/Wholesale Distribution	21	8.2%
Services	14	5.5%
Technology or Telecommunications	12	4.7%
Transportation	6	2.4%
Utility or Energy	11	4.3%
Other	27	10.6%
	255	100.1%

Retirement Plan Committees

Retirement Plan Committee Types and Structure

Table 3 | Number of Retirement Plan Committees

Number	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
None	16.4%	0.0%	0.0%	3.2%	4.8%
One	60.7%	79.7%	73.5%	39.7%	63.9%
Two	9.8%	10.1%	18.4%	39.7%	19.0%
Three	3.3%	2.5%	4.1%	9.5%	4.8%
Four	3.3%	0.0%	0.0%	1.6%	1.2%
Five or More	6.6%	7.6%	4.1%	6.3%	6.3%
	100.1%	99.9%	100.1%	100.0%	100.0%

Table 4 | Employees Serve on More Than One Committee, When There Are Multiple Committees

Multiple Committee Participation	All Plans
No	25.3%
Some	44.3%
Most	22.8%
All	7.6%
	100.0%

Table 5 | Members of Multiple Committees Rotate Through Them All

Committee Rotation	All Plans
No	74.3%
Only With Position/Responsibility Changes	16.2%
Rarely	4.1%
Yes, per a Set Schedule	5.4%
	100.0%

Retirement Plan Committees

Table 6 | Legal Counsel Participation in Committee Meetings

Participation	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Internal Counsel Always	13.2%	21.5%	53.1%	66.1%	37.4%
External Counsel Always	9.4%	3.8%	8.2%	29.0%	12.3%
Committee Dependent	1.9%	0.0%	8.2%	9.7%	4.5%
Only for Specific Issues	30.2%	27.8%	16.3%	14.5%	22.6%
None	49.1%	51.9%	24.5%	8.1%	34.6%

Table 7 | Organizations That Have a Formal Document That Establishes Committees

Formal Document	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Yes	52.8%	79.5%	85.4%	93.5%	78.4%
Some Committees, Not All	5.7%	1.3%	2.1%	1.6%	2.5%
Not Yet, Working on One	9.4%	5.1%	6.3%	1.6%	5.4%
No	32.1%	14.1%	6.3%	3.2%	13.7%
	100.0%	100.0%	100.1%	99.9%	100.0%

Table 8 | Organizations That Have a Document That Formalizes Which Job Positions Sit on Which Committee(s)

Formal Document	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Yes	26.4%	32.1%	40.8%	54.1%	38.2%
Some Committees, Not All	3.8%	1.3%	4.1%	8.2%	4.1%
Not Yet, Working on One	7.5%	6.4%	4.1%	0.0%	4.6%
No	62.3%	60.3%	51.0%	37.7%	53.1%
	100.0%	100.1%	100.0%	100.0%	100.0%

Retirement Plan Committees

Retirement Planning/Administration Committee

Table 9 | Criteria Used to Determine Participants of the Retirement Planning/Administration Committee

Criteria	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Job Title	70.5%	83.1%	75.0%	74.5%	76.3%
Expertise	61.4%	54.2%	60.0%	63.8%	59.5%
Tenure	11.4%	6.8%	12.5%	2.1%	7.9%
Willingness to Participate	25.0%	32.2%	25.0%	42.6%	31.6%
Gender/Racial Diversity	6.8%	3.4%	2.5%	17.0%	7.4%
Other	9.1%	8.5%	12.5%	14.9%	11.1%

Table 10 | Number of Participants on the Retirement Planning/Administration Committee

Number	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Less than 5	61.4%	27.1%	40.0%	14.9%	34.7%
5-10	38.6%	71.2%	57.5%	76.6%	62.1%
10-15	0.0%	1.7%	2.5%	6.4%	2.6%
More Than 15	0.0%	0.0%	0.0%	2.1%	0.5%
	100.0%	100.0%	100.0%	100.0%	99.9%

Table 11 | Frequency on Which the Retirement Planning/Administration Committee Meets

Frequency	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Monthly	0.0%	0.0%	2.6%	14.9%	4.3%
Quarterly	45.5%	63.8%	69.2%	61.7%	60.1%
Semi-Annually	38.6%	20.7%	17.9%	8.5%	21.3%
Annually	13.6%	8.6%	7.7%	2.1%	8.0%
Other	2.3%	6.9%	2.6%	12.8%	6.4%
	100.0%	100.0%	100.0%	100.0%	100.1%

Retirement Plan Committees

Investment Committee

Table 12 | Criteria Used To Determine Participants of the Investment Committee

Criteria	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Job Title	65.6%	85.7%	65.7%	74.5%	73.8%
Expertise	68.8%	54.8%	62.9%	72.5%	65.0%
Tenure	6.3%	9.5%	5.7%	0.0%	5.0%
Willingness to Participate	25.0%	35.7%	22.9%	41.2%	32.5%
Gender/Racial Diversity	3.1%	4.8%	2.9%	5.9%	4.4%
Other	6.3%	7.1%	8.6%	11.8%	8.8%

Table 13 | Number of Participants on the Investment Committee

Number	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Less than 5	51.6%	30.2%	29.4%	22.0%	31.6%
5-10	48.4%	67.4%	67.6%	74.0%	65.8%
10-15	0.0%	2.3%	2.9%	2.0%	1.9%
More Than 15	0.0%	0.0%	0.0%	2.0%	0.6%
	100.0%	99.9%	99.9%	100.0%	99.9%

Table 14 | Frequency the Investment Committee Meets

Frequency	Plan Size (Number of Plan Participants)				All Plans
	1-199	200-999	1,000-4,999	5,000+	
Monthly	3.2%	2.4%	0.0%	4.0%	2.5%
Quarterly	48.4%	54.8%	72.2%	86.0%	67.3%
Semi-Annually	38.7%	31.0%	22.2%	2.0%	21.4%
Annually	9.7%	7.1%	5.6%	0.0%	5.0%
Other	0.0%	4.8%	0.0%	8.0%	3.8%
	100.0%	100.1%	100.0%	100.0%	100.0%