NEWFRONT

FIDUCIARY LIABILITY

Understanding Excessive Fee Litigation Risk in Retirement Plans

It’s not enough to just have the right insurance coverage. Organizations need to institute the right internal governance processes to manage their Fiduciary liabilities.

With a growing emphasis on fiduciary liability, organizations are facing ***higher insurance premiums*** and ***restricted terms and conditions.***

$9,000,000 average defense and settlements cost for Excessive Fee Claims

Plaintiff firms continue to be creative in bringing forth Fiduciary claims against organizations and those who oversee their retirement programs.

Fiduciary excessive fee claims have emerged as a prominent legal and financial concern, impacting a wide range of companies and industries with little regard to the amount of assets under management or number of participants in the plan(s). Fiduciaries are those who prudently manage assets on behalf of others.

Allegations of excessive fees have raised questions around the Duty of Prudence and fiduciaries’ obligation to monitor, benchmark, and negotiate fees in the best interest of plan participants and beneficiaries.

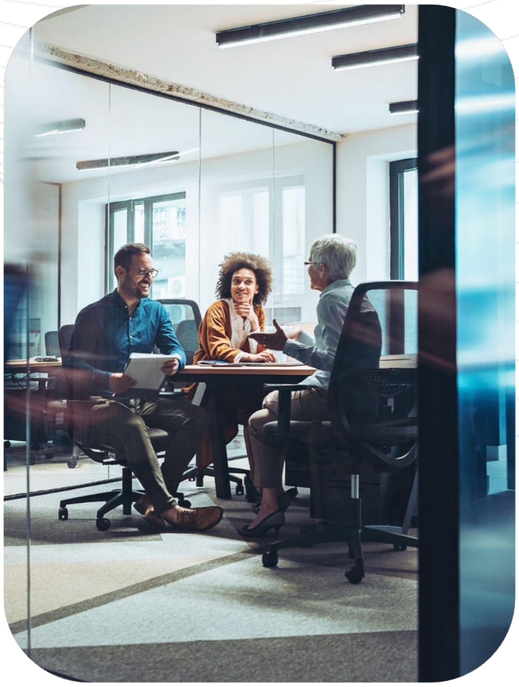
Newfront Retirement Services is a top advisor nationally, assisting plans with all aspects of fiduciary risk management and mitigation, plan design benchmarking, employee education, and vendor negotiations. Newfront Retirement Services, coupled with Newfront’s exceptional Executive Risk Management team, can help ensure you’re protected. Reach out to Sarah Schwartz or Matt Yoder for questions and a complimentary review of your program.

Newfront
650.488.8565

NEWFRONT

DEFENSE IS THE BEST OFFENSE

Best Practices to Mitigate Risk Successfully



Prepare Proactively

- Establish a Retirement Plan Committee.
- Meet regularly to the review the appropriateness of plan investments, fees, and features.
- Implement an Investment Policy Statement and/or a Committee Charter.

Gather and Document Comprehensive Records

- Document Committee decisions and maintain Committee meeting minutes.
- Periodically review and benchmark plan fees and payment structure.
- Ensure signed plan documents are saved on file indefinitely.

Benchmark Fees & Monitor Performance

- Ensure adequate ERISA Bond and Fiduciary Liability Insurance coverage.
- Fiduciary Liability coverage protects the Plan Sponsor and fiduciaries acting on behalf of the plan sponsor for claims that allege fiduciary duty was breached.
- ERISA Bond coverage protects the plan from issues related to plan mismanagement, theft, embezzlement, etc.

Review Fiduciary Training Regularly

- Conduct regular fiduciary training to highlight fiduciary duties, common risks, regulatory and/or litigation updates.
- Host regular employee education.

Fiduciary Liability Insurance can help pay for a legal defense or losses that arise from claims alleging:

- Poor or imprudent investment decisions.
- Mismanagement of plan assets.
- Negligent hiring of service providers.
- Setting up, winding down and changing plans.
- Paying excessive fees for service providers.

Newfront
650.488.8565