

Fiduciary Insight, LLC (Fi401k) understands that sponsoring a workplace retirement savings plan is most often done with the best of intentions, yet carries a heavy burden of accountability related to investment selection and monitoring. Therefore, Fi401k strives to mitigate the employer's ancillary obligations that are imposed by the federal government under the Employee Retirement Income Security Act of 1974 (ERISA) – and diminish any corresponding liability.

ERISA requires employer-plan sponsors to select and monitor plan investments in the same manner as persons familiar with generally accepted investment theories and prevailing investment industry practices. But, in the case where the plan fiduciaries lack the necessary technical knowledge to properly perform these duties, they are required “to obtain the advice of a qualified, independent expert.” See DOL Regulation §2509.95-1(c)(6)

ERISA sets the standard by which all fiduciaries are measured, as being those investment decisions which a like expert, with appropriate knowledge and experience would reasonably make.



Fortunately, by engaging Fi401k's eFiduciary Adviser service, plan fiduciaries can demonstrate the plan's investment-related decisions are being managed prudently and with the requisite expertise required to meet the obligations imposed under ERISA. In such engagements, the extent to which employer-plan sponsors and executives may be shielded from prospective fiduciary liability is determined by the scope of authority delegated to Fi401k:

- **ERISA 3(21) Investment Consultant:** Under this construct, the employer-plan sponsor retains final decision-making authority over the plan's designated investment options; whereby Fi401k performs as an Investment Consultant to the plan. Consequently, Fi401k performs as a co-fiduciary alongside the employer-plan sponsor – sharing in the responsibility for managing a prudent investment process.
- **ERISA 3(38) Investment Manager:** Under this construct, the employer-plan sponsor delegates full discretion over the designation and management of the plan's investment options; whereby Fi401k performs as the plan's designated Investment Manager. Consequently, the employer-plan sponsor's sole responsibility is for demonstrating the prudence of Fi401k's appointment and remaining diligent in their oversight of Fi401k.

As a result, Fi401k's eFiduciary Adviser service is designed to provide a flexible set of solutions for employer-plan sponsors and other plan fiduciaries to effectively shield themselves from potential liability related to the selection, management and oversight of their 401(k) plan's designated investment options.

Legal Protection & Fiduciary Warranty

Fi401k will enter into a Plan Advisory Agreement with the employer-plan sponsor that expressly assumes fiduciary responsibility for selecting and monitoring the plan's investment options. Furthermore, Fi401k's eFiduciary Adviser service is backed by a fiduciary warranty that is reinsured through a AA-rated insurance company. As a result, the combination of our Advisory Agreement and the Affirmative Fiduciary Endorsement will serve to protect employers and other plan fiduciaries from tangential fiduciary liability – insulating them from third-party claims arising from issues related to the plan's investment selection and monitoring processes.

PROTECTING RETIREMENT PLAN FIDUCIARIES *from* INVESTMENT LIABILITY

ERISA 3(21) Investment Consultant



This service is for employer-plan sponsors who believe they possess the necessary knowledge and sophistication to make their own independent investment decisions, on behalf of their company's 401(k) plan. Yet, who also recognize the need for professional "co-fiduciary" assistance in the design and implementation of a prudent fiduciary investment evaluation process as well as ongoing investment due diligence and reporting.

Fiduciary Insight will work with a plan administrator, investment committee and/or plan trustee(s) to design, implement and manage a fiduciary decision making framework that is backed-up by robust investment due diligence and reporting. As such, Fi401k will facilitate the process of cooperatively determining – in conjunction with input from the other plan fiduciaries – the investment alternatives that should be considered for inclusion in the 401(k) plan, including prospective investment option replacements.

For this service, Fi401k charges the following fees*:

| Aggregate Plan Assets | Implementation Fee* | Annual Fee* | Minimum Annual Fee* |
|------------------------------|---------------------|-------------|---------------------|
| Less than \$ 499,999 | \$ 250.00 | 0.30% | \$ 1,500.00 |
| \$ 500,000 to \$ 999,999 | \$ 125.00 | 0.27% | N/A |
| \$ 1,000,000 to \$ 1,999,999 | N/C | 0.24% | N/A |
| \$ 2,000,000 to \$ 2,999,999 | N/C | 0.21% | N/A |
| \$ 3,000,000 to \$ 3,999,999 | N/C | 0.18% | N/A |
| \$ 4,000,000 to \$ 4,999,999 | N/C | 0.15% | N/A |

ERISA 3(38) Investment Manager

This service is for employer-plan sponsors who have recognized the need to seek professional investment advice from an advisor who will assume fiduciary responsibility for the selection, monitoring and management of 401(k) plan investment options. However, unlike a "co-fiduciary" engagement under ERISA 3(21), the appointment of an Investment Manager under ERISA 3(38) actually transfers responsibility/liability for the prudence of investment management process to Fiduciary Insight.

Fiduciary Insight will convert traditional reporting data into actionable advice to compose the plan's investment option line-up, which conforms with the plan's investment governance documentation. But, as a Fiduciary Investment Manager, Fi401k will also convert any discrepancies deemed to warrant an investment change into a discretionary directive for replacement into an appropriate investment alternative.

For this service, Fi401k charges the following fees*:

| Aggregate Plan Assets | Implementation Fee* | Annual Fee* | Minimum Annual Fee* |
|------------------------------|---------------------|-------------|---------------------|
| Less than \$ 499,999 | \$ 400.00 | 0.50% | \$ 2,500.00 |
| \$ 500,000 to \$ 999,999 | \$ 200.00 | 0.45% | N/A |
| \$ 1,000,000 to \$ 1,999,999 | N/C | 0.40% | N/A |
| \$ 2,000,000 to \$ 2,999,999 | N/C | 0.35% | N/A |
| \$ 3,000,000 to \$ 3,999,999 | N/C | 0.30% | N/A |
| \$ 4,000,000 to \$ 4,999,999 | N/C | 0.25% | N/A |

***Terms of Payment:** The Implementation Fee and pro-rated Minimum Annual Fee shall be invoiced concurrent with contracting and is due immediately, in order to engage Fi401k's remote fiduciary services and activate warranty coverage. Thereafter, the Minimum Annual Fee shall be invoiced quarterly, in arrears, and shall be due upon receipt. The Annual Fee is prorated and calculated quarterly, in arrears, based on the market value of the aggregate plan assets on the last trading day of every calendar quarter as well as paid through an automated debit from plan assets. The Minimum Annual Fee shall be reduced by 25% per \$125,000 of plan assets, until such time as the aggregate plan assets exceed \$500,000; whereby the Minimum Annual Fee shall be deemed satisfied by the Annual Fees collected from plan assets thereafter.