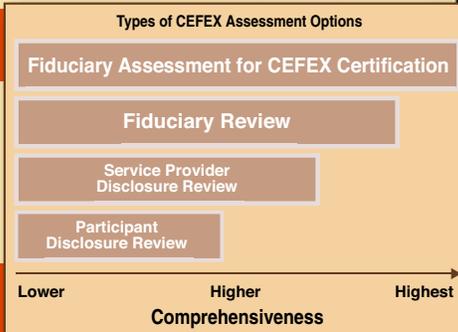


CEFEX Fiduciary Assessments: Flexible Solutions for Plan Sponsors

401(k) plan sponsors are under increasing pressure to demonstrate their compliance with fiduciary regulations. Recently, the number of plan participant lawsuits has increased. Meanwhile, the Department of Labor is demanding greater accountability and transparency in plan oversight and governance. To address these challenges, many plan sponsors are engaging CEFEX to help them identify fiduciary deficiencies and achieve conformance with the Global Fiduciary Standard of Excellence.¹

CEFEX Assessment Programs

Some plan sponsors need a comprehensive evaluation of their fiduciary practices, while others want impartial perspectives on service provider and participant disclosures. Your CEFEX Analyst offers a variety of assessment options to address your needs.



The Service Provider Disclosure Review

DOL Regulation 2550.408b-2(c) requires 401(k) plan service providers to supply disclosures that describe their services, plan-related expenses and fees, and their fiduciary status.

This Review will give you a deeper understanding of how investment advisers, recordkeepers, third party administrators, etc. service your plan. It will include consultation on how your due diligence can determine whether fees are reasonable the services provided.

You will receive:

- A **CEFEX Report** indicating which areas comply with DOL regulations and which may need corrective action.
- A **Registered Opinion Letter** stating that the Review was conducted in accordance with CEFEX's assessment standards.

Plans whose service provider disclosures meet CEFEX assessment criteria may optionally receive a Legal Opinion Letter written by an expert ERISA attorney. This letter states the attorney's opinion that the plan has taken the required steps to select service providers in compliance with DOL Regulation 2550.408b-2(c).

The Participant Disclosure Review

This program will help you evaluate your plan's compliance with DOL Regulation §2550.404a-5, which requires plans to provide plan participants with detailed disclosures of their investment fees and administrative expenses. This process provides you with an objective analysis of disclosures communicated in an actionable format.

You will receive:

- A **CEFEX Report** indicating which areas comply with DOL regulations and which may need corrective action.
- A **Registered Opinion Letter** from CEFEX that states that the Review was conducted in accordance with CEFEX's assessment standards.

The Review can help you direct service providers to comply with DOL regulations. The documentation may offer legal protection for your plan.

The Fiduciary Review

This Review can help you determine how well your plan's investment management and governance processes conform to the Global Fiduciary Standard of Excellence.

Your CEFEX Analyst will conduct the Review primarily by analyzing your plan's fiduciary acknowledgements, investment policy statements, asset allocation models and assumptions, investment due diligence processes, current investment lineups, plan-related expenses and investment fees, conflict of interest policies and other documents.

Upon completion, you will receive:

- A **CEFEX Report** that summarizes the Analyst's findings and evaluates your organization's conformance with fiduciary best practices. Nonconformities and Opportunities for Improvement are identified.
- A **fi360 Fiduciary Monitoring Report** that analyzes and rates the prudence of your plan's investment portfolio in a variety of areas, including performance, risk management, style drift, and asset allocation.
- A **fi360 Fee and Expense Report** that provides a clear summary of fees charged by investment companies and advisors.
- A **Registered Opinion Letter** from CEFEX that states that the Review has been conducted by a qualified Analyst in accordance with CEFEX's assessment standards.

Fiduciary Assessment for Certification

Plan sponsors seeking a more customized approach for addressing specific fiduciary issues should consider this comprehensive assessment option.

Your CEFEX Analyst will work with you to create a plan for examining all of your fiduciary practices using CEFEX's proprietary assessment methodology which is based on ISO standards.

While the output of the Assessment is similar to the Fiduciary Review, the **CEFEX Report** provides a higher level of detail, including more extensive descriptions of the Nonconformities and Opportunities for Improvement.

401(k) plans can use the Assessment as a means of earning **CEFEX Certification**, the industry's highly respected fiduciary seal of approval for investment stewards—such as 401(k) plan sponsors—who adhere to the Global Fiduciary Standard of Excellence. Certification is an excellent way for your company to demonstrate the trustworthiness of your plan to employees, shareholders and the general public, since it must be renewed annually.



The CEFEX Seal of Excellence
for Investment Stewards

Getting Started

Our CEFEX Analyst can help you determine if the Service Provider Disclosure Review or any other CEFEX program is appropriate, given your fiduciary priorities.

Please contact **Mark D. Mensack**, AIFA®, GFS®, Independent Fiduciary Consultant at Mark@PrudentChampion.com or call **856 HIT 401K (856-448-4015)**.

¹The Global Fiduciary Standard of Excellence is defined by a set of legally substantiated best practices outlined in the handbook: *Prudent Practices for Investment Stewards*, published by the Center for Fiduciary Studies, a CEFEX partner organization.



CEFEX Centre for Fiduciary Excellence, LLC is an independent certification organization that works closely with industry experts to provide comprehensive assessment programs to promote fiduciary best practices among investment stewards, financial advisors, and support services firms.

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