

THIN(k) Client Plan Evaluation Process

Vendor Selection & Monitoring



The Department of Labor's (DOL) regulation 408(b)(2) mandates that sponsors determine fee reasonableness for all plan vendors. Measuring the cost for the value received from each vendor can be accomplished through plan benchmarking and/or an effective request for proposal (RFP) process.

Monitoring - Questions to Consider

- Do you have a **formal process** in place for **evaluating your plans service providers**?
- When was the last time you formally reviewed your plans service providers?
- Do any of your **plan vendors take on a fiduciary role** for the plan? Have they acknowledged their fiduciary status in writing?
- Have you **surveyed your participants perceived value** for service being provided?
- **How do you determine fee reasonableness** of your plans service providers to comply with the Department of Labors 408(b)(2) regulation?
 - Via a **Request for Proposal** Process?
 - Via a **Plan Benchmarking** Process?
 - Via an **internal** process?

Due Diligence

Initial Plan Evaluation	Thin(k) Plan Review		Thin(k) Audit File
	Quarterly	Annually	
Vendor Selection & Monitoring	Ongoing	✓	

Action Steps

1. **Analyze current plan service providers and costs incurred for value delivered**
2. **Consult with plan sponsor to understand the most important aspects of the plan**
3. **Consider surveying the plan participants to understand their expectations**
4. **Coordinate 408b(2) compliance via a Plan Benchmarking Process**
 - Service provided for value received
 - Investment Performance
 - All plan costs
 - Request for Information
5. **Coordinate 408b(2) compliance via a Request for Proposal (RFP) process**
 - Draft RFP
 - Identify/issue RFP to service providers
 - Clarify and respond to questions
 - Evaluate responses
 - Recommend finalists
 - Assist with final selection
 - Communicate outcome
6. **Build & Review Thin(k) Audit File:**
 - Document the plan's all-in costs and costs incurred by each service provider
 - Plan benchmarking report
 - Reports and final results associated with RFP process

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