



[Are you risking litigation?](#)

There have been several class action lawsuits filed on behalf of participants in 401(k) plans sponsored by major employers.

The commonality?

Fidelity served as the recordkeeper and Financial Engines, Inc. (FE) provided participant-level investment advice and managed accounts services. It was alleged that FE had a relationship with Fidelity to gain access to Fidelity clients and facilitate FE's service delivery. For this, FE allegedly paid Fidelity asset-based fees that plaintiffs claimed were unreasonable relative to the services Fidelity provided to FE.

Fidelity wins and Courts put spotlight on in-house fiduciaries.

Courts have dismissed these complaints because, the courts found, Fidelity was not involved in the fiduciary decisions concerning [managed accounts](#). Rather, the courts said, in-house fiduciaries selected FE as the managed account provider and were thus responsible for the terms, conditions and fees paid to FE (and therefore, that if the fees were excessive, it would be the in-house fiduciaries' responsibility).

Not your mother's time-tested recipe - Fiduciary diligence on managed account providers.

Everyone knows that selecting a service provider is subject to ERISA's fiduciary duties and that fulfilling these duties requires a thorough and expert review of the service provider and that its fees be reasonable. Your mother's time-tested recipe is to benchmark fees against market standards. Our in-depth evaluations of these firms show significant differences among providers suggesting that the time-tested approach to fiduciary diligence is not appropriate and that a much more dynamic and individualized approach is needed. Based on our experience going deep into managed account providers to help in-house fiduciaries evaluate the offerings, we have developed an individualized and dynamic approach to fiduciary diligence on managed account providers. The checklist included herein reflects the factors we consider and recommend be considered by in-house fiduciaries in evaluating a managed account provider.

Want to learn more about the 9 areas fiduciaries need to consider when selecting a managed account provider? Download the Managed Account Checklist today!



9 Considerations for Fiduciaries When Selecting a Managed Account Provider

[DOWNLOAD THE CHECKLIST](#)