

CURCIO ♦ WEBB

Meeting a Plan Sponsor's Fiduciary Requirements for Managed Accounts

Situation

Looking to improve the overall employee benefits offering, the sponsor of an approximately \$10 billion defined contribution plan began offering managed accounts. Since the managed account provided participants investment advice, the plan sponsor had a fiduciary duty to monitor the provider, like any other investment option. The plan sponsor wanted an independent, objective evaluation of the managed account program, including the provider's investment rigor and the participants' personal portfolio performance.

Challenge

The plan sponsor engaged Curcio Webb to perform a comprehensive evaluation, include the background of the advisors interacting with participants, whether the advice provided was aligned with participant circumstances, specific portfolio outcomes, and net of fee participant performance results.

Outcome

Curcio Webb identified several key performance indicators (KPIs) for the plan sponsor to monitor on a regular basis. These KPIs ensure that the managed account service is cost effective and efficient, prudently achieving participant objectives. Curcio Webb's process also considers qualitative aspects of the service delivery. Listening to participant/advisor calls ensures no "pushing" of unrelated financial advice is occurring.

Recommendations

The evaluation helped the plan sponsor meet its fiduciary obligation by documenting the quality of the advice that the managed account service provides and its value to plan participants. Curcio Webb will provide annual evaluations in future years with a focus on monitoring key managed account metrics and negotiate fee as assets and accounts grow.

Results

Affirmed the quality of the advice being received.

Validated that the managed account fees were reasonable, relative to the services provided.

Documented the plan sponsor's requirement to monitor the investment advice provided.

Annual evaluations will demonstrate plan sponsor's requirement for ongoing monitoring.

Does your plan offer managed accounts?

Let us help you save money and reduce risk by evaluating your provider's resources, processes, performance and fees.

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