



## Should I create an Investment Committee?

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The primary responsibility of the plan sponsor is to run the plan solely in the interest of participants and beneficiaries and for the exclusive purpose of providing benefits and paying plan expenses. Plan Sponsors must act prudently and must diversify the plan's investments in order to help minimize the risk of large losses. Successful retirement plans may utilize an investment committee to manage the investment process for the plan.

Typically, the investment committee is organized to initiate and implement investment decisions, and analyze, monitor and document providers, products, and expenses.

### ***Responsibilities***

The investment committee has several responsibilities, which could include:

- Review and approve plan operations, operations, and committee charter
- Hold meetings regularly
- Develop an investment policy statement
- Establish due diligence procedures for selecting and monitoring the investment options
- Review investment management fees paid by the plan and participants
- Document the investment process and decisions made

### ***Committee Members***

When choosing committee members the following should be considered:

- Senior members of HR, Finance, and Operations, or partner/principal
- Ideally headed by someone with an understanding of capital markets such as the CFO
- Odd number of voting members — usually 3 or 5 individuals (a large number of committee members can slow down the decision-making process)

### ***Committee Meetings***

Once you have established the investment committee, you will need to conduct meetings, set an agenda and document your decisions. Here are some guidelines:

- Meet two to four times per year
- The person leading the committee should gather the following data:
  - All relevant investment material
  - Reports from plan advisor
  - Issues to be addressed
- Data and agenda should be distributed before the meeting

## **Documentation**

All investment committee meetings should be documented and contain at a minimum the following items:

- Dates of meetings
- A clear process for recording activities and decisions
- An accurate account of decisions

Agenda and relevant documentation should be kept in the company fiduciary file

Contact one of our Advisors to help you setup your Investment Committee and create your first agenda

# ALLEGIS RETIREMENT

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