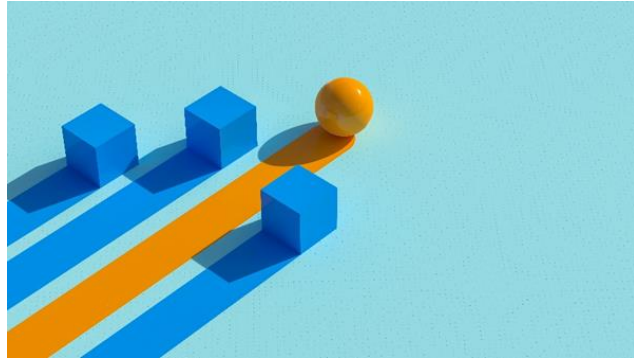




## An IPS Can Still Add Value for Plans Despite Goldman Sachs Dismissal

Investment policy statements (IPSs) are commonplace among retirement plans — with around 83% providing one. And that number tends to be even higher among bigger plans. Financial powerhouse Goldman Sachs is one of the larger employers that doesn't utilize an IPS. In fact, this was the subject of a recently dismissed lawsuit by a former Goldman employee, whose attorney alleged that the company violated ERISA by, among other things, failing to adopt an IPS.



The federal judge in the Goldman Sachs case reaffirmed that “the Department of Labor has never taken the position that an IPS is required to satisfy a fiduciary's duties.” Moreover, the absence of an IPS was not, in and of itself, sufficient cause for the case to proceed. Nonetheless, that doesn't undercut the potential advantages of establishing an IPS.

**Roadmap for your plan.** An IPS offers guidelines to assist advisors and fiduciaries in selecting and monitoring investments — and provides documentation that serves as an objective framework for various aspects of plan decision-making. In essence, it helps to create evidence of a prudent process.

**Clarification of roles.** By clearly outlining the roles and responsibilities of parties involved with the plan's investment process, an IPS can help increase plan oversight and accountability. And it offers guidance that can assist both advisors and fiduciaries.

**An aid in communication.** An IPS can help onboard new committee members more quickly and efficiently. It's also a useful vehicle to provide employees with information about the plan's investments and management.

**A tool for improvement.** The creation of an IPS requires thoughtful consideration of the plan and investment details. This means that during the process, you may uncover plan weaknesses or find opportunities for improvement that you might not have otherwise.

**Potential risk mitigation.** In addition to providing valuable information to aid in plan management, having an IPS could help protect your organization. It offers an extra level of oversight in the form of a paper trail that can serve as documentation that you're upholding your fiduciary duty should allegations of impropriety arise.

### Talk to Your Advisor About the Advantages of an IPS

Your retirement plan advisor can provide more information about an IPS and how it can assist key stakeholders



within your organization and help strengthen your plan. While simply having an IPS can't fully insulate you from the risks of an ERISA lawsuit, it may offer an additional layer of protection, clarify plan decision-making, and help your organization better define and meet business objectives.

Sources:

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