



Fiduciary Pension Partners

## The Top Three Reasons to Outsource Fiduciary Services

Many companies are outsourcing more and more activities, mainly because it can provide cost savings and increase productivity. Companies can focus more on their core businesses rather than spending time on areas outside their expertise. For retirement plan sponsors, outsourcing services makes sense for these reasons, along with others.



**Reduced Risks.** As a plan sponsor, you and your company are plan fiduciaries and can be held legally responsible for the plan's administration and performance. Many sponsors outsource some or most of the responsibility. A 3(21)-investment fiduciary assumes part of the risk, functioning as a co-fiduciary that provides prudent and objective advice. A 3(38)-investment fiduciary accepts total responsibility and the lion's share of potential liability for selecting, monitoring,

and replacing investment options, which helps the plan sponsor manage the risk of legal action concerning investment decisions. A 3(16) outsourcing of the plan administrator role means offloading not only the day-to-day mechanics of plan administration but the ultimate fiduciary responsibilities attendant thereto. That said, when plan sponsors contemplate outsourcing 3(16) services, they need to dive deep into contract review to understand what is outsourced and what might remain in their hands.

**Increased Objectivity.** Independent third-party plan administration and fiduciary services help your retirement plan by managing conflicts of interest, biases, or self-interest. As set out in the Employee Retirement Income Security Act of 1974 (ERISA), both 3(21) and 3(38) investment fiduciaries, as well as 3(16) plan administrators, are required to act solely in the interest of plan participants and must act prudently when making decisions about, or administering, the plan. These actions provide plan sponsors and plan participants with a greater level of risk management and confidence in the retirement plan.

**Increased Service Level.** Typically, a third-party plan administrator or fiduciary can devote much more time and attention to the support of your retirement plan than can employees. Employees often 'squeeze in' plan-related tasks around their regular duties and may lack the skills, training, and resources an outsourced provider offers.

For information on outsourcing fiduciary services, contact FPP please contact Fiduciary Pension Partners at (833) FPP- 401k or email us at [info@fiduciarypp.com](mailto:info@fiduciarypp.com).

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation. The "Retirement Times" is published monthly by Retirement Plan Advisory Group's marketing team. This material is intended for informational purposes only and should not be construed as legal advice and is not intended to replace the advice of a qualified attorney, tax adviser, investment professional or insurance agent. (c) 2021. Retirement Plan Advisory Group. Fiduciary Pension Partners is not affiliated with Retirement Plan Advisor Group but subscribes to its annual services offering. Fiduciary Pension Partners is a registered investment adviser with its principal place of business in the State of New Jersey. Registration does not imply a certain level of skill or training.