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REPORT TO PLAN SPONSORS

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Common Mistakes in Preparing Plan Committee MinutesBy [Bruce Ashton](#)

In most 401(k) plans (and in ERISA 403(b) plans), the fiduciary function of selecting and monitoring investments and service providers is carried out by a committee—typically, the financial and human resources officers. The committee meets periodically, often quarterly (though in smaller plans, perhaps only annually), to consider information on investment performance and on how well the plan's service providers are doing their jobs and meeting established plan goals.

These meetings are an important part of fulfilling the fiduciary obligation to act for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of operating the plan. An important part of showing that the committee has met this requirement is the documentation of its meetings, the minutes—to show that the committee has engaged in a prudent process of analyzing and assessing relevant issues.

In our experience, committees frequently fail to treat the preparation of minutes of their meetings with the importance they deserve. Listed below are a number of the items that should—and a few that should not—be included in committee minutes.

What to include:

- Identify everyone present, including guests, especially advisers and consultants.
- Identify all issues considered by the committee, such as performance of the investment options offered by the plan, whether the plan's education initiatives appear to be working by increasing participation, deferral rates or participant investing, the provisions of the investment policy statement (which should probably be reviewed every year or two), etc.
- Reference of all materials gathered and analyzed.
- Indicate decisions made...and where necessary, the rationale for the decision.
- Indicate any issues to be considered at a subsequent meeting, e.g., an investment that is put on the watch list.

What to leave out:

- Details of who said what .. unless this is *really* relevant.
 - Details of discussions or issues that aren't resolved—e.g., "John questioned why the plan doesn't have a technology fund." The point here is not so much about the minutes as it is about the committee's process. If John raises the issue about the technology fund, the committee needs to address it, and either record the decision that was made or indicate that it will be put on the agenda for a future meeting. And then be sure to discuss it at the next meeting and record the decision.

Remember, the minutes are proof of the committee's fiduciary process. Make sure that you address the issues, reach decisions... and then record the results.

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