

News

2021 Best Practices Conference: Managing Your Investment and Retirement Plan Committees

ATTORNEYS & PROFESSIONALS

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[George Sepsakos](#) joined the 2021 PLANSPONSOR Best Practices Conference as a panelist on “Managing Your Investment and Retirement Plan Committees” where he provided recommendations and insights on plan committees.

PLANSPONSOR online published a recap of the conference, reporting back on panelist responses regarding how committees should be structured, who should be appointed a committee member, best practices for meeting documentation and frequency, and more.

“Establishing a retirement plan committee, or committees, is part of establishing the right governance structure for plan sponsors,” Sepsakos told attendees. He offered that he thinks the most important thing is to have a committee structure that fits with the organization. “If that means having one committee that focuses on investment but delegates administrative functions to persons in benefits or HR [human resources], that makes sense,” he said. “We see that often. On the administration side, there needs to be someone involved that has a day-to-day role with the plan.”

Sepsakos added that larger plans might have an administration committee that handles claims and makes sure various other functions of administration are covered. But, he noted, “it is important for there to be dialogue between the two committees.” He also said plan sponsors might form subcommittees for specific projects, including, for example, a recordkeeper search.

Who is appointed to the committee is important, said Sepsakos. He added that sometimes the roles and titles for who is on the committee are hardwired in plan documents. Committees can be appointed in different ways; however, it is common practice for a company’s board of directors to appoint people to the committee, he stated, adding that there are reasons to have people on the committee other than board members. “Others will have different views and that will give the board time to work on business practices,” he said. “Board members won’t typically have the time or expertise to focus on retirement plan issues, but they need to be kept in the loop.”

Documenting committee meetings is important, Sepsakos said. In addition to keeping the board and company executives informed, if the plan is subject to a regulator investigation or if a lawsuit is filed, the committee will have a record of its process.

“Minutes need to be detailed enough to reflect key decisions and rationale, but [vague enough to] avoid certain details, for example, ‘Sally voted one way and Tom another,’” Sepsakos said.

Sepsakos said he is a proponent of having a digital archive on plan sponsors’ servers that is solely dedicated to plan activity, and that’s where committee documentation should be stored. “Paper files can get lost or missing, or we can go through a pandemic and it’s hard to get to those files,” he said. “If a regulator or a court asks for documentation and a plan sponsor can pull it up quickly, that shows the sponsor has a streamlined process.” In addition, having a digital area for documentation can help when there is turnover among committee members, which is inevitable, he said.

To read the article, [click here](#).