

News

Michael Kreps Touches on Employers' Use of SDBAs in PLANSPONSOR

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Principal [Michael Kreps](#) was quoted in the recent *PLANSPONSOR* article, “Employers Use SDBAs to Give Employees Choice,” where he discussed growing employer use of self-directed brokerage accounts (“SDBAs”).

PLANSPONSOR notes that SDBAs are an option that some plan sponsors use to keep retirees or those who have separated from the company from taking their assets with them.

“Plan sponsors would rather these folks stay in the plan now,” says Kreps. “They work really hard to get the fees down and to make the plan work for more people, so they want to limit the outflow. Participants can always come out of the investment window, but once they’re out of the plan, they can’t come back.”

In discussing whether or not to limit investment options, *PLANSPONSOR* notes that advisers say the best structure of an SDBA will depend on its size, the objectives of the plan, and the needs of participants.

“Most practitioners take the position that the employer has fiduciary responsibility to select the investments available under the plan,” Kreps says. “But with respect to [a brokerage] window, the employer as a fiduciary has only the responsibility to prudently select the provider of the brokerage window, but not the underlying investment.”

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