BLOG ARTICLE

Fiduciary Excellence Depends on These 3 Things

53% of plan sponsors don't realize that they're fiduciaries,[1] so it's no surprise that expectations around that role aren't always clear.

Fiduciary responsibility isn't about perfection. It's about clarity, consistency, and a process you can stand behind. That's exactly why many organizations rely on experienced advisors (like us) to help bring confidence to their process.

Day-to-day priorities often center around running the business, supporting employees, and managing growth. The 401(k) plan is just one important piece of the broader picture.

However, without a clear framework, fiduciary responsibilities can become harder to manage consistently. Defining what "fiduciary excellence" looks like within your organization helps create alignment, reduce ambiguity, and support better decision-making over time.

Under ERISA Section 404(a)(1)(B), the Prudent Expert Standard requires fiduciaries to manage plan assets with the care, skill, prudence, and diligence of a professional "familiar with such matters". This means fiduciaries are judged by the standards of an expert in investments, not an ordinary prudent person, focusing on a diligent process rather than just investment performance.

At its core, fiduciary excellence depends on three things: who is responsible, what they are responsible for, and how decisions are made.

WHO: Establishing clear accountability
Fiduciary responsibility is tied to actions, not just titles.

However, in most organizations, the people taking those actions may include the business owner, executives, HR leaders, committee members, and external advisors.

The goal isn't to limit 401(k) plan involvement; it's to gain clarity. When roles and responsibilities are clearly defined:

- decision-making becomes more efficient
- oversight is more consistent
- accountability is easier to maintain

Many plan sponsors find value in formalizing a committee with defined roles, a charter, and a regular meeting cadence, such as 4x per year. This clarity creates a strong foundation for managing fiduciary responsibilities thoughtfully and effectively.

WHAT: Understanding the scope of responsibility
Once roles are defined, the next step is understanding what fiduciaries are responsible for.

At a high level, this includes:

[1] "2025 Defined Contribution Plan Sponsor Survey Findings." JP Morgan. 2025.

- acting in the best interests of participants
- making informed, prudent decisions
- maintaining a diversified investment lineup
- following the plan document
- monitoring fees and service providers

These responsibilities are designed to support participant outcomes while providing a clear framework for decision-making.

HOW: Turning responsibility into a repeatable process
Fiduciary excellence is not a one-time effort; it's an ongoing process.

In practice, this often includes:

- establishing a regular committee meeting schedule
- using frameworks like an Investment Policy Statement (IPS), Committee Charter, Agendas and, of course, taking Meeting Minutes (because if it isn't documented, it didn't happen)
- reviewing investments, fees, and providers periodically
- keeping records of key decisions (7 years is a common best practice)
- staying informed through ongoing fiduciary education

The objective is not to create unnecessary administrative work but to build a process that supports consistency over time.

Setting the fiduciary foundation
In real life, fiduciary responsibility rarely shows up as a big, dramatic decision. It's usually much more subtle.

It's the act of reviewing your investment lineup and someone asking, "Do we know how these fees compare?" It's a quick pause before reviewing the next agenda item. It's documenting decisions and clarifying next steps.

Those small moments are what define fiduciary oversight in practice.

We often see plans where everyone is well-intentioned, but no one is quite sure who is supposed to be asking these questions. That's not a failure; it's simply a sign that the process hasn't been fully defined yet.

Think of it this way: a well-run 401(k) plan isn't built on having all the right answers at the moment. It's built on having a repeatable process so that the right questions get asked on a regular basis.

This is where working with a knowledgeable advisor can make a meaningful difference. A good advisor doesn't just provide recommendations; they help facilitate discussions, document decisions, and keep the process moving forward to align with fiduciary best practices.

And, importantly, they help you avoid the all-too-common scenario of looking back and saying, "We meant to review that…"

If you're unsure whether your current process reflects fiduciary excellence or if you'd like a second pair of eyes, it may be a good time to connect with our team and walk through your framework together.

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