



SELECTING A FINANCIAL ADVISOR FOR YOUR RETIREMENT PLAN

A focus on value

SELECTING A FINANCIAL ADVISOR

Plan Sponsor Toolkit

This workbook can help you frame the questions you need to ask when evaluating a financial advisor for your company's retirement plan. You'll find the following sections to help you in your interview process:

- Advisor credentials, background, and experience
- Fiduciary support
- Plan consulting, evaluation, and compliance
- Investment capabilities
- Participant experience
- Vendor oversight
- Other



Evaluating financial advisors for your retirement plan

As the plan sponsor, it's important to carefully research the capabilities of a potential retirement plan advisor in order to help ensure that he or she will meet your expectations and needs. This workbook is designed to help you focus your efforts on seven key areas. You can use it to conduct your advisor interviews and document your findings.

Advisor information

Date: _____

Name of financial advisory firm: _____

Contact name: _____

Address: _____

Office phone: _____

Mobile: _____

Email address: _____

Firm website: _____

Advisor credentials, background and experience

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Questions

Findings

Tell me how you are registered.

- Are you a registered investment advisor or a registered representative?

What designations and licenses do you hold?

Please share your professional associations and any relevant nominations or awards.

Tell me about your educational background.

How many years have you been a financial advisor?

- When did you establish your practice?
- In your capacity as a financial advisor, how many years have you been serving retirement plans?

Tell me about the members of the team that supports your practice.

Questions

Findings

Describe the types of retirement plans you currently service? Tell me more about:

- Number of plans
 - Average plan size by assets and by participants
 - Total retirement plan assets under advisement
 - Total assets under advisement for your entire practice
-

Describe your ideal retirement plan client.

Describe the breadth of your product and service offerings.

Tips to help your evaluation

- The SEC (<https://www.sec.gov>) and FINRA (<http://www.FINRA.org>) offer information on their websites about selecting investment advisors.
- FINRA offers a BrokerCheck® that offers background information on investment advisors and their firms, including any disciplinary actions that may have been taken. Visit the website at <https://brokercheck.finra.org/>.

Fiduciary support

Questions

Do you act as a discretionary 3(38) investment manager or a limited-scope 3(21) investment advisor?

Can you provide a written acknowledgement of your fiduciary status?

Can you demonstrate your or your compliance department's expertise in ERISA fiduciary standards and prohibited transactions?

Do you have a relationship with a third party involved with our plan that might cause a conflict of interest?

Do you have any relationships with our company that might involve a prohibited transaction under ERISA?

What types and level of insurance do you have to support your advisory activities?

What's your approach for helping companies like mine implement a fiduciary process?

How do you stay current with changes to the regulatory environment?:

- How do you determine what types of information to share with clients like me?
-

Findings

Questions

Findings

Do you provide any ERISA guidance services?

Plan consulting, evaluation and compliance

Questions

Findings

What type of plan consulting services do you offer?

- Can you provide examples of the types of support you provide to others?
-

What is your process for evaluating employer plans and their supporting documents?

- What areas do you place the greatest focus on when evaluating plans?
 - Can you specifically describe your process for evaluating the retirement readiness of a company's employee base?
 - Can you offer examples of where you've provided ideas for improving plan design?
-

What steps do you take to ensure ongoing plan compliance?

- How do you monitor progress against established goals?
-

Tips to help your evaluation

- Look for a consultative approach to plan evaluation that begins with a discussion of your organization's goals, including those you may have for the retirement readiness of your employee base.
- Look for a proactive approach to compliance monitoring.

Investment capabilities

Questions

Findings

Will you develop an investment policy statement (IPS) for our plan?

- Can you describe your approach for developing it?
 - Do you have any samples you can provide?
-

Do you typically participate in investment committee meetings?

- What type of role do you play?
-

How do you develop an investment menu for the plan?

- How does a company's goals for retirement readiness influence the ultimate investment menu developed for the plan?
-

What is your view of proprietary funds?

How often do you conduct plan investment reviews with sponsors?

- Can you describe a typical meeting?
 - Can you provide samples of the type of reporting you provide?
-

Do you have a watch list procedure for monitoring investments? How does it work?

- How often do you typically remove or replace funds?
-

Participant Experience

Questions

Findings

How do you support participant enrollment (e.g., individual and/or group meetings)?

What type of ongoing support do you provide for participant education for new plan features?

- What types of programs and campaigns do you provide to help reach company goals for retirement readiness?
 - How do you educate employees about the importance of retirement readiness?
-

Do you offer one-on-one participant advice and/or retirement guidance?

- If so, are you acting as a fiduciary advisor under the Pension Protection Act of 2006? If not, do you outsource these capabilities??
-

Describe the types of ongoing communications you provide for participants?

How do you typically work with a company's HR department?

Do you offer and/or implement recommendations for campaigns and programs to improve deferral rates?

- Can you provide examples of situations where you helped a company on this front?
-

Questions

Findings

How do you work with departing employees?

Do you assist employees who wish to roll balances from IRA or Previous 401k's into the plan?

Do you offer a website with planning tools for our employees to access without charge?

Tips to help your evaluation

- Be sure you understand your liability associated with your advisor's one-on-one advice.
- Look for a customized approach to communications, including your advisor's efforts to understand your objectives and to use plan data to develop targeted communications.

Vendor oversight

Questions

Findings

Do you conduct periodic reviews of the plan vendors?

- Describe the overall process
 - How often do you do this?
 - Can you describe your process for benchmarking fees and the frequency that you do this?
-

Do you act as an intermediary in the daily operations that involve these third-party vendors?

Other

Questions

Findings

What types of responsibilities do you accept and/or not accept?

- Can you provide a sample of your advisory agreement to help me better understand your responsibilities?
-

Describe your fee structure for a plan like mine.

- What factors could impact pricing?
 - How do you bill clients?
-

Do you provide a document storage system that we can access and upload information to?

Be sure you understand all of the services your advisor offers, especially those that relate to your fiduciary liabilities.

Remember, selecting a financial advisor for your plan involves thoughtful and thorough planning.

- Resist the temptation to jump right into a relationship with a firm.
- Verify the information provided, and check references.
- Don't hesitate to ask follow-up questions to ensure that you have a clear and comprehensive understanding of the advisor's offering.



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