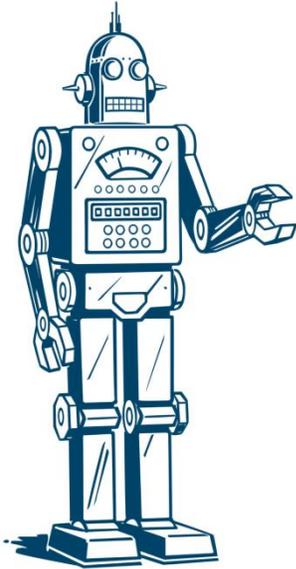


# The Building a Better Fiduciary Series



Between the new Fiduciary Rule and media coverage of lawsuits citing a breach of Fiduciary duty, being a Fiduciary may seem like nothing short of a nightmare. Don't let it cause you to short circuit! ***It is time to build a better Fiduciary.***

Step by step, we are giving you the tools you need to reach your Fiduciary best. Understand your role, follow simple procedures and best practices, learn how your service providers can better serve you, and improve outcomes for your Participants. After all, knowledge is power.

Get started today and ***Build a Better Fiduciary.***

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## Part One. Understand the Basics

### **I am a Fiduciary...What does that actually mean?**

If a person has authority or responsibility over the administration or investment of an Employee Benefit Plan and/or Plan assets, he or she is a Fiduciary to the Plan in regards to those functions.

Each Plan must have at least one Fiduciary named in the Plan Document. The named Fiduciary may be a specified individual or office held. Alternatively, the named Fiduciary may be a group such as an Administrative Committee or Board of Trustees. A person is not considered a Fiduciary by title alone, but based on their responsibility to the Plan.

### **What are my "Fiduciary Duties"?**

Fiduciary duties are dictated in the Employee Retirement Income Security Act (ERISA) and enforced by the Employee Benefit Security Administration (EBSA), an agency of the Department of Labor.

Under ERISA's Prudent Man Standard of Care, a Fiduciary's duties include the following:

- Act solely in the interest of participants and their beneficiaries for the exclusive purpose of providing benefits to them.
- Allow only reasonable expenses for the administration of the Plan.
- Diversify Plan investments as to minimize the risk of large losses.
- Operate in accordance with Plan documents unless they are inconsistent with the provisions of ERISA.
- Fulfill all duties with respect to the Plan with care, skill, prudence, and diligence.



## **Can I be held personally liable for a breach of Fiduciary duty?**

Now, hang in there. This part sounds daunting, but there is a light at the end of this tunnel.

Yes, Plan Fiduciaries can be held personally liable for any losses to the Plan resulting from a breach in their Fiduciary duty. As stated in ERISA, as a result of their breach in Fiduciary duty, the Fiduciary is required to “make good to such Plan any losses to the Plan resulting from each such breach, and to restore to such Plan any profits of such Fiduciary which have been made through use of assets of the Plan by the Fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such Fiduciary”.

Because Fiduciaries serve a vital role in the retirement savings of their Plan participants, they can be held liable for losses that result from not fulfilling their duties. *However*, there are many ways for a Fiduciary to limit their personal liability which will be discussed in Part Two of our Building a Better Fiduciary series.