An Executive Summary of ERISA Fiduciary Risk

How investment firms can control the real risks of serving 401(k) and similar retirement plans

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Introduction

The Employee Retirement Security Act of 1974 ("ERISA") governs the overwhelming majority of retirement plans and indirectly all Individual Retirement Accounts. This broad reach means that ERISA and the regulations derived from it dictates the actions of a large portion of the investment industry. Unfortunately, ERISA is not synchronized with securities laws, creating inconsistencies in the overall regulatory framework. In addition to the inconsistencies in regulations themselves there is added complexity because ERISA is administered by different federal agencies (Department of Labor and IRS) from that which administers securities laws (SEC).

These inconsistencies and complexities have given rise to widespread misunderstanding and fear of ERISA. The confusion is compounded by the use of similar sounding language that has different meanings in ERISA and securities laws. In fact, specialists in securities laws are often unaware of the details of ERISA and specialists in ERISA are not experts in securities laws. These separate silos of expertise often produce contradictory conclusions, the most frequent of which is whether an individual is a fiduciary.

The purpose of this paper is to present a limited view of ERISA fiduciaries, focused only on the issues that have the greatest effect on broker/dealers and their registered reps as well as RIAs and their investment advisory representatives ("Investment Firms"). The paper presents an overview of ERISA fiduciaries and the controlling regulations followed by an analysis of the investment firm's business risks and how these risks are mitigated.

Investment firms can use this paper to clarify the confusion and more prudently manage ERISA fiduciary risk to take maximum advantage of the potential business opportunities.

ERISA Fears

Much of the concern about ERISA fiduciary risks emanates from the language that describes extreme consequences for a breach. The following quote of one ERISA section puts no limits on fiduciary risk and suggests no way of managing that risk. In fact, anyone familiar with only this section would be unlikely to want to become involved.

> *"Any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good 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."*
> *ERISA §409(a)*

While the threat of ERISA is overwhelming, it is important to note that these extreme measures virtually never occur. For the most part, regulatory actions arising from ERISA fiduciary breaches are very rare in comparison to the number of ERISA plans. Litigation is also rare and to date has not been beneficial to plaintiffs.

It is clear that the fears of having to reimburse ERISA plans for their losses after a major market downturn have been grossly overblown. Fear mongers are simply not well informed or deny the results of previous market losses.

> The real risks of being a fiduciary are very often lower than risks of being a non-fiduciary!

Simply put, if the risk was so great, why have Investment Firms not suffered losses before?

ERISA's Fiduciary Structure

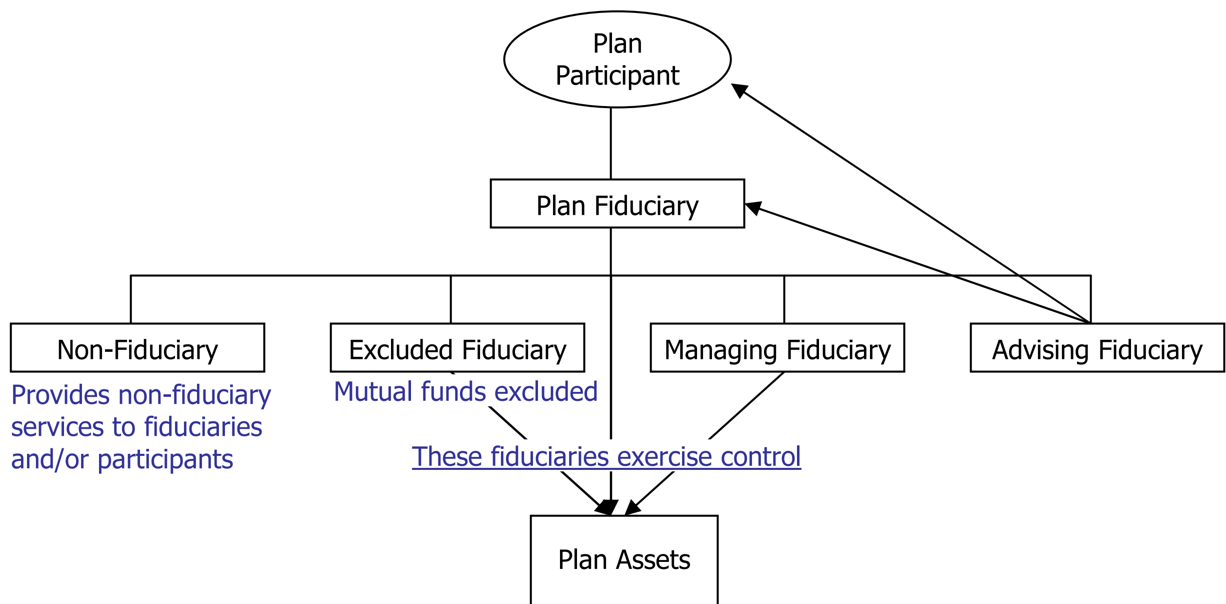
How an Investment Firm Becomes an ERISA Fiduciary

Investment Firms that provide services to ERISA plans may be doing so as fiduciaries or non-fiduciaries depending on a number of factors. An investment firm is an ERISA fiduciary based on any one of the following conditions:

- ✓ The Investment Firm is named in the plan's documents as the party responsible for administering the plan.
- ✓ The Investment Firm enters into an agreement with another fiduciary or plan participant that states that the Investment Firm acts as a fiduciary.
- ✓ The Investment Firm is an RIA or its representative.
- ✓ The investment firm claims verbally or in writing to be a fiduciary.
- ✓ The investment Firm performs any of the duties that ERISA defines as fiduciary acts. These include selection and monitoring of vendors, managing investments (excluding mutual funds) or providing investment advice to other fiduciaries or to plan participants.

Once becoming a fiduciary under ERISA, obligations and duties continue until a defined resignation process is concluded. Until this process is concluded the fiduciary status of the Investment Firm remains.

Interrelationships of ERISA Fiduciaries and Non-fiduciaries



Regulatory Overview

ERISA is arguably the most comprehensive fiduciary law. Provisions affecting Investment Firms are:

- ✓ ERISA defines a fiduciary as both an explicitly elective role as well as conditions that establishes an Investment Firm as a fiduciary by virtue of the services it provides. For example, if an Investment Firm advises a plan fiduciary on which investments are most suitable for its plan, the Investment Firm becomes a fiduciary.
- ✓ ERISA defines duties a fiduciary must perform, regardless of whether the fiduciary elected that role or becomes a fiduciary by ERISA's regulations. For example, fiduciaries are required to prudently select and monitor other fiduciaries as well as investments in the plan.
- ✓ ERISA prohibits fiduciaries from certain activities (Prohibited transactions). Prohibited transactions include compensation derived from investment decisions or recommendations made by the fiduciary.
- ✓ ERISA specifies loop holes called exemptions that permit fiduciaries to violate certain ERISA regulations, subject to certain conditions. Examples of exemptions are permitting non-fiduciary status for mutual funds and permitting fiduciaries to receive compensation for investment advice under certain conditions.
- ✓ ERISA defines the punishment for violating its regulations. This was highlighted in the Introduction section of this paper.

ERISA Sections Applicable to Investment Firms

Specialists in ERISA frequently make reference to particular sections that have great bearing on Investment Firms. The following table highlights the most frequently referenced ERISA sections and provides a brief description of each.

ERISA Section	Content Applicable to Investment Firms
3	Section 3(16) defines the plan fiduciary role, Section 3(38) defines the managing fiduciary and Section 3(21) defines the advising fiduciary.
404	Section 404(a) defines the duties and responsibilities of fiduciaries (loyalty, diligence, prudence, diversification and adherence to plan documents). Section 404(c) contains provisions for participant directed plans and 404(c)(5) describes the requirements for default investments (QDIA).
405	Section 405(d) contains provisions for non-participant directed plans in which the Investment Firm has discretionary authority over the plan investments.
406	The fiduciary prohibitions are contained in Section 406.
408	Section 408 contains the exemptions from the prohibitions contained in Section 406.
409	Section 409(a) contains the penalties for fiduciary breaches.

Pros and Cons of Being an ERISA Fiduciary

It should be evident to the reader of this paper that it is virtually impossible to avoid fiduciary breaches in servicing ERISA plans. It is also nearly impossible for an Investment Firm to serve ERISA business without being a fiduciary, either by choosing to be or by providing services that are considered fiduciary in nature. The sledge hammer of Section 409(a) is an ever present risk but the question is how likely it is for that risk to materialize and whether the business opportunities offset these risks.

Whether knowingly or unknowingly, the great majority of Investment Firms take the ERISA fiduciary risk. While one might expect that each Investment Firm fully understands the risks involved and has taken steps to limit exposure, this is far from the case. In fact, the ERISA compliance practices vary from complete denial of risk in some firms to extreme concern and in some cases, deliberately avoiding that business.

The Kabuki Dance

Many Investment Firms that are engaged in ERISA business attempt to dance around the fiduciary issue.

This dance involves providing the services that plan fiduciaries and participants ask for and value greatly. This is a genuine effort to meet the needs, goals and objectives of these clients. Investment Firms are fairly compensated for these services and all would appear entirely reasonable.

Then suddenly, the ERISA specialist enters the office of the Chief Executive and points to the fact that there could be any number of fiduciary breaches and prohibited transactions that are not protected by existing liability insurance. The Chief Executive panics and loudly issues an edict that "We are not fiduciaries!", but under his breath he/she murmurs, "…but I want no loss of production."

In this Kabuki dance, the dancers are professionals who act in the best interest of their clients in one scene and in the next transform into greedy monsters declaring interest in their own well being with a sign reading "caveat emptor".

Unfortunately, this dance is widespread in the ERISA community and presents an even greater practical risk than engaging in one of ERISA's prohibited transactions. The risk is greater since its discovery can undermine the public trust of the investing community.

Advantages of Being an ERISA Fiduciary

With all the threats and risks to ERISA fiduciaries there is still a very good business case to be made for engaging in ERISA business. This is because of three key facts:

1. Fiduciary risks can be virtually eliminated
2. Tax advantages will continue to drive assets into ERISA controlled investments. The growth in the retirement and post retirement market cannot be ignored.
3. The need for investment professionals continues to increase. The growth in complexities and personal differences continues to fuel the demand for personal and individualized investment advice.

Eliminating the Fiduciary Risk

No, the risks cannot be eliminated, but they can be reduced to a manageable level. The section of this paper on "Real and Theoretical Risks" isolates where the real business risks are and where the emphasis needs to be placed.

There are a number of business structures that preserve revenues with lower fiduciary exposure. Changing to these structures will degrade the risks even further. These changes include:

- ✓ Take advantage of the current fear of fiduciary status and declare your firm to be a fiduciary. Undertake to educate the public of the advantages of doing business with a fiduciary.
- ✓ Establish uniform decision making processes that demonstrate procedural prudence and implement them across all aspects of the firm. Please see www.FiduciaryRegistry.com for details.
- ✓ Change the flow of compensation so that the apparent conflicts of interest do not exist.
- ✓ Use written agreements that define the services your firm provides and the fees charged for those services.
- ✓ Establish compliance procedures that ensure that the adopted decision making processes are used consistently.
- ✓ Train and certify all in the firm to use the adopted decision making processes for all activities.

Leveraging the Fiduciary Status

The Investment Firm that overtly declares itself a fiduciary immediately establishes significant advantages in the marketplace:

- ✓ Taking the steps necessary to reduce fiduciary liability reduces the firm's liability in attempting to act as a non-fiduciary. Courts and arbitration panels have been holding Investment Firms to a *de facto* fiduciary standard so it can be argued that the exposure exists in any case. Uniform fiduciary decision making processes also prevent uncontrolled decisions that can expose the firm to other threats.
- ✓ Policies built around the fiduciary duties of loyalty, prudence and diligence can be used to make powerful marketing messages. Promoting the firm's policies related to loyalty, prudence and diligence will resound with a public that yearns for trustworthy business relationships.
- ✓ Uniform fiduciary decision making processes permit an Investment Firm to benefit from economies of scale. Instead of having to manage and supervise a variety of processes that may currently exist, conformance to the adopted processes can take advantage of technology and reduce the time spent on such matters.
- ✓ Ultimately, the Investment Firm can eliminate the Kabuki dance and the entire organization can speak with a single voice, "Yes, we are fiduciaries!"

Five Levels of ERISA Service/Risk

Investment Firms are well positioned to provide five levels of service to ERISA plans. Each level represents a different level of responsibility and potential compensation. Evaluating which level(s) must be based on the skills and technology necessary to execute at that level.

Each level also represents different levels of ERISA fiduciary risk. As discussed earlier, the assessment of risk must be evaluated in comparison to the structure and training required to reduce the associated risk to a tolerable level.

The following levels are described in further detail below:

- ✓ Plan Fiduciary -Section 3(16)
- ✓ Managing Fiduciary -Section 3(38)
- ✓ Advising Fiduciary –Section 3(21)
- ✓ Registered Investment Adviser -IAA -1940
- ✓ Non-Fiduciary

Plan Fiduciary -Section 3(16)

The Plan Fiduciary is named in the plan documents and is responsible for regulatory filings, making disclosures to participants, selection and monitoring of all service providers and any other activities called for in the plan documents. Plan administrators, may use other service providers to carry out any or all of these duties, subject to prudent selection and monitoring. The Plan Fiduciary has responsibility for all aspects of the plan, except where specific relief is granted by regulation or transferred to another fiduciary.

The Investment Firm that acts as the Plan Fiduciary is also referred to as the Independent Fiduciary and takes on the responsibility that would otherwise rest with an employer. This level of service requires a thorough knowledge of ERISA and the retirement plan market.

Independent Fiduciaries are highly valued by employers who understand how extensive ERISA requirements are and are concerned with being able to carry out those responsibilities on their own.

Managing Fiduciary -Section 3(38)

One or more Managing Fiduciaries are selected by the Plan Fiduciary to manage some or all of plan assets and has discretionary authority to select investments. When prudently selected and monitored, the Managing Fiduciary *relieves* the Plan Fiduciary of the fiduciary responsibility for management and oversight of plan assets. Managing Fiduciaries may perform a variety of related services as agreed to by the Plan Fiduciary.

Investment Firms that act as Managing Fiduciaries take responsibility for the duties called for in their specific agreement with each plan. ERISA has specific requirements for an Investment Firm to qualify to be a Managing Fiduciary. These requirements are most often met by being an RIA with an appropriate ADV in addition to meeting the due diligence requirements.

Managing Fiduciaries are valued by Plan Fiduciaries who recognize the responsibility to make investment decisions, select and monitor investments and all other service providers, but lack the expertise to properly execute these duties.

Advising Fiduciary –Section 3(21)

An Advising Fiduciary is selected by the Plan Fiduciary as an expert to advise the Plan Fiduciary and/or plan participants concerning investment decisions. Unlike the Managing Fiduciary, the Advising Fiduciary does not have discretionary authority. When prudently selected and monitored, the Advising Fiduciary *shares* fiduciary responsibility for plan investment decisions with the Plan Fiduciary or Managing Fiduciary.

Investment Firms can assume the role of an Advising Fiduciary by providing the advice for a fee. No formal agreement is required under ERISA, but it is usually the policy of Investment Firms to secure such client agreements. Proper securities licenses are required.

Most Investment firms play the role of Advising Fiduciaries since it is the least complex to secure and is perceived to be less prone to risk. Plan Fiduciaries choose to use Advising Fiduciaries often because they were not offered Managing Fiduciaries.

Registered Investment Adviser -IAA -1940

ERISA recognizes the RIA as being qualified to act as a Managing Fiduciary, subject to appropriate registration and due diligence requirements. New and proposed ERISA regulations go further and assign ERISA fiduciary status to RIAs simply by virtue of being RIAs. The RIA without discretionary authority acts as an Advising Fiduciary.

Non-Fiduciary

Investment Firms that act as non-fiduciary service providers must avoid performing any services that is considered by ERISA to be fiduciary. This prohibits the non-fiduciary Investment Firm from providing investment advice or investment management. The role of the non-fiduciary is limited to activities such as trade execution, education and ministerial duties.

There are no specific requirements for a non-fiduciary but Plan Fiduciaries are required to prudently select and monitor non-fiduciaries.

Real and Theoretical Risks

The discussion to this point in the paper is about the theoretical risks based on ERISA and the regulations. As indicated earlier these theoretical risks would discourage most Investment Firms from participating in the ERISA market. Nonetheless, there is a high degree of participation.

Whether caused by reckless abandon, intuition or a deep understanding, the decisions to take the risks in ERISA appear to be prudent. Experience of those Investment Firms engaged in the ERISA business has been mostly positive from the risk perspective. There are a number of reasons that Investment Firms have avoided losses in this area:

- ✓ While ERISA liability can involve actions by Plan Fiduciaries that are out of the control of the Investment Firm, real exposure is limited since Plan Fiduciaries are required to comply with tight controls over plan assets. It is extremely difficult and rare for Plan Fiduciaries to actually misappropriate assets.
- ✓ Unlike the case with retail clients, representatives of Investment Firms rarely execute transactions or come in direct contact with ERISA plan assets. Exposure to losses by misdeeds by representatives would require the cooperation of such a large number of independent people that it occurs rarely if ever.
- ✓ The risk of poor investment choices is limited by the difficulty of installing out of the ordinary choices. Record keepers support only a limited range of prudently selected investment options and do not permit large scale activity outside of that universe.
- ✓ Exposure to regulatory sanctions has also been limited since neither of the ERISA regulators (Department of Labor or IRS) have formidable enforcement organizations. Additionally, there has been very little political will to slow down the rate of retirement saving by imposing strict enforcement of ERISA regulations.
- ✓ ERISA litigation has been ineffective for litigants. The sheer complexity of the structure and the regulation has made it difficult and time consuming to pursue many cases. In fact the majority of litigation has been about the relatively simple issue of excessive fees and even this has not met with great success for litigants.

Examining the history and structural controls leads to the conclusion that the risks in the ERISA business are substantially lower than the risks in the individual account business.

The assumption of ERISA fiduciary responsibility should be considered to be a low risk endeavor, assuming the required measures to comply with the requirements are properly implemented.

Regulatory Sweep

The highest exposure for an Investment Firm is the probability of a regulatory "sweep" in pursuit of a particular violation. This is likely since it is very low cost for regulators and by targeting an area of known violations, the regulators can be effective in stopping the targeted violation.

A regulatory "sweep" is likely to result in modest fines and a requirement to change systems and procedures for Investment Firms.

Potential areas of regulatory sweeps of Investment Firms are:

- ✓ Failure to make required disclosures
- ✓ Conflicts of interest arising out of compensation
- ✓ Documentation of fiduciary decisions
- ✓ Non-fiduciaries performing fiduciary acts

The Risk Assessment Questionnaire in the Appendix to this paper is an effective defense against regulatory sweeps. Obtaining answers to these questions from each ERISA plan client, addressing exceptions and maintaining this documentation will provide the comfort of being able to respond sufficiently to a regulatory sweep.

Business Risk

The greatest risk in the ERISA marketplace for Investment Firms is the business risk of acquiring and retaining clients. As these assets continue to grow competitors will increase efforts to increase market share.

Such fierce competition will reduce fees and require infrastructure improvements. Investment Firms will be required to add to service offerings and find more efficient ways to operate.

ERISA business in the past has been relatively insensitive to fees, except in larger plans. Fee disclosures that begin in 2011 will undoubtedly raise the sensitivity to fees and present another business risk to Investment Firms.

Appendix

ERISA Risk Assessment Questionnaire

Item No.	Metric	Comment
	Fiduciary Standards	
14	Loyalty: Are all of your actions taken in managing your retirement plan always in the sole interest of the participating employees and retirees?	If you or others have taken advantage of the plan to benefit anyone other than participants select NO and give an explanation.
15	Prudence: Do you and all experts you select act with the same care, skill, prudence, and diligence that another expert with the respective roles would use?	Select YES if you are confident that all decisions about the plan are based on prudent practices and are well documented.
16	Diversify investments: Are plan investments diversified to minimize the risk of large losses?	Most plans are diversified. Select NO only if your plan has only one or two investment classes.
17	Adhere to Plan Documents: Do you and all experts you select comply with the plan documents or other instruments governing the plan and consistent with ERISA?	It is difficult to ensure that there is adherence to plan documents. Most plans will answer NO and give an explanation.
	Core "Safe Harbor" procedures	
18	Are investments managed by one or more qualified managers?	Select one of these options only if you are certain that none of the above categories apply.
19	Do you have evidence that each expert that is paid by the plan was selected by an objective due diligence process and that fees are reasonable?	Select YES only if you have a formal documented process to select all providers and advisers.
20	Do investment managers have discretion over the investment decisions?	Most plans give discretion to investment managers and will select YES.

Item No.	Metric	Comment
21	Has each expert acknowledged their fiduciary status in writing (the mutual fund prospectus is the fund's fiduciary acknowledgment)?	Very few experts do acknowledge fiduciary status. Select YES only if you have explicitly insisted on acknowledgement.

Participant-Directed "Safe Harbor" procedures (also known as 404(c))

Item No.	Metric	Comment
22	Do you have evidence that you monitor the activities of each expert to ensure that each is properly performing the required tasks and meeting the agreed upon criteria?	Select YES only if you have a documented process to monitor all experts.
23	Does your plan permit participants to make their own investment choices? *If not please answer "no" and skip to the "Fiduciary Adviser" section below.*	If your 401(K) is a 404(c) plan select YES. Most plans today are participant directed.
24	Do you have evidence that all plan participants have been notified in writing that your plan is intended to be a 404(c) plan and that each has been provided with all required information about the plan?	If you maintain a record of notices and to whom they were sent you should select YES.
25	Are participants offered at least three investment options with materially different risk/return profiles?	Most plans meet this requirement. If your plan offers an equity, bond and money market fund or other class select YES.
26	Do you have evidence that all participants have sufficient information and education to make informed decisions regarding the investments offered in the plan?	Select YES if you survey or test participants to determine if they have sufficient education/information.
27	Do you have evidence that participants have a reasonable opportunity to make & change their investment decisions quickly enough in light of market volatility?	Select YES if participants can change investments at will. If there are restrictions select NO and explain.
28	Are participants able to request prospectuses and disclosures relating to expenses, portfolio composition and valuation?	Most plans make the disclosures available and select YES.

Item No.	Metric	Comment

Fiduciary Adviser "Safe Harbor" procedures

Item No.	Metric	Comment
29	Do you expect to be protected by the fiduciary adviser "Safe Harbor" in providing investment advice to participants? *If not please answer "no" and skip to the "Qualified Default Investment Alternative" section below.*	Select YES only if you have a written Eligible Investment Advice Arrangement with the adviser.
30	Has the fiduciary adviser disclosed conflicts of interests, and all forms of compensation?	Adviser's conflicts of interest must be disclosed to you and you must approve for you to be protected.
31	Do you have the required documentation known as an "eligible investment advice arrangement" with the fiduciary adviser?	This EIAA must be in writing and comply with requirements.
32	Is the fiduciary adviser audited annually to assure continued compliance with the eligible investment advice arrangement and ERISA?	Select YES only if you have received a written audit report from the adviser.

Qualified Default Investment Alternatives (QDIA) procedures

Item No.	Metric	Comment
33	Do you expect to be protected when participants fail to make investment selections by the QDIA "Safe Harbor"? *If not please answer "no" and skip to the "Qualified Automatic Contribution Arrangement" section below.*	Select YES only if you or your adviser has prudently selected and monitored your default investment(s).
34	Can you demonstrate that each participant that was defaulted had not made an investment election?	Select YES if you have a process in place to notify participants, giving them the opportunity to select another investment(s).
35	Does your QDIA(s) use one of the following investments: Aged based portfolios, Balanced portfolios or Managed account service?	Select YES if your plan has one or more of these investment alternatives for participants who do not make an investment election.
36	Are participants given the required notice of circumstances when QDIA is used and notified of their rights?	Select YES if notices are sent at the time of enrollment and annually thereafter.

Item No.	Metric	Comment
37	Do participants have the opportunity to elect other investments?	Most plans will have this opportunity and answer YES.
38	Does any investment used in a QDIA hold company stock?	QDIAs can hold company stock only if it was part of a match or held in an unrelated mutual fund.
39	Is each QDIA managed by an investment manager that meets the QDIA requirements?	Select YES if the QDIA investments are in a mutual fund or managed by a bank, insurance co. or RIA.

Qualified Automatic Contribution Arrangement (QACA) procedures

40	Does your plan automatically enroll employees with the expectation that you are protected by the QACA "Safe Harbor"? *If not please answer "no" and skip to the "Department of Labor Suggested Checklist" section below.*	QACA automatic enrollment waives the annual testing but requires an employer match.
41	Is the initial contribution rate 3% of pay or more?	Minimum initial contribution rate is 3%.
42	Is a QDIA used for employees who are automatically enrolled?	QACA requires the use of a QDIA.
43	Do automatically enrolled employees' contributions increase a minimum of 1% annually up to 10% unless the employee opts out?	QACA requires minimum annual increases to a maximum of 10%.
44	Are employee contributions matched at least 100% of the first 1% of pay plus 50% of the next 5% of pay?	QACA requires minimum matching contributions.
45	Are employer contributions fully vested after two years?	QACA requires that matching contributions are fully vested in two years or less.
46	Do automatically enrolled employees receive the required notice in a form they can understand?	QACA requires that all notices to employees are calculated to be understood by the average employee.

Item No.	Metric	Comment

Department of Labor Suggested Checklist

Item No.	Metric	Comment
47	Have you identified your plan fiduciaries, and does each one understand their fiduciary responsibilities?	As a fiduciary of the plan, you are required to know who all other fiduciaries are and their responsibilities.
48	Are you aware of the schedule to deposit participants' contributions, and have you made sure it complies with the law?	As a fiduciary of the plan, you are required to ensure that plan assets are protected.
49	If you selected third-party service providers or advisers, did you consider a number of providers, give each potential provider the same information, and consider whether the fees are reasonable for the services provided?	Department of Labor recommends these steps for all providers and advisers.
50	Have you identified all service providers that receive compensation from the plan and taken steps to monitor all activity with them?	All service providers and advisers who receive direct or indirect compensation must be monitored.
51	Are you aware of the regulations for using service providers and advisers, such as what needs to be considered when making selections or making plan loans to participants?	These regulations are available from the Department of Labor.
52	Have you reviewed your plan document in light of current needs and made necessary updates? After amending the plan, have you provided participants with an updated SPD or SMM?	The plan should be reviewed periodically to determine if changes are warranted.
53	Do all individuals handling plan funds or other plan property have a fidelity bond?	Bonding is a requirement and you should ensure that anyone that handles the plan's assets is bonded.

Item No.	Metric	Comment

Selection & Monitoring of Experts

Item No.	Metric	Comment
54	Do you have a documented objective process used to select and monitor each Service Provider?	This and the nine questions that follow are repeated for each provider and adviser.
55	In what capacity does each Service Provider act?	
56	Do you have a written agreement with each Service Provider?	
57	What is the approximate total annual compensation paid to each Service Provider?	
58	Is this compensation reasonable for the services provided by each Service Provider?	You are expected to determine if compensation of each provider and adviser is reasonable for the services provided.
59	How is the compensation that is paid to each Service Provider calculated?	
60	What is the form of payments made to each Service Provider?	
61	What specific services are provided by each Service Provider?	
62	Which Service Providers are fiduciaries of your plan?	
63	What potential conflicts exist for each Service Provider?	

00 Note:
Numbers shown in reverse refer to items available in DALBAR's automated Fiduciary Risk Assessment service.

About DALBAR

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Launched in 1976, DALBAR has earned the recognition for consistent and unbiased evaluations of investment companies, registered investment advisers, insurance companies, broker/dealers, retirement plan providers and financial professionals.

DALBAR awards are recognized as marks of excellence in the financial community.

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