



T.RowePrice

Fiduciary 101 Training

Presented by: Rachael Brumund



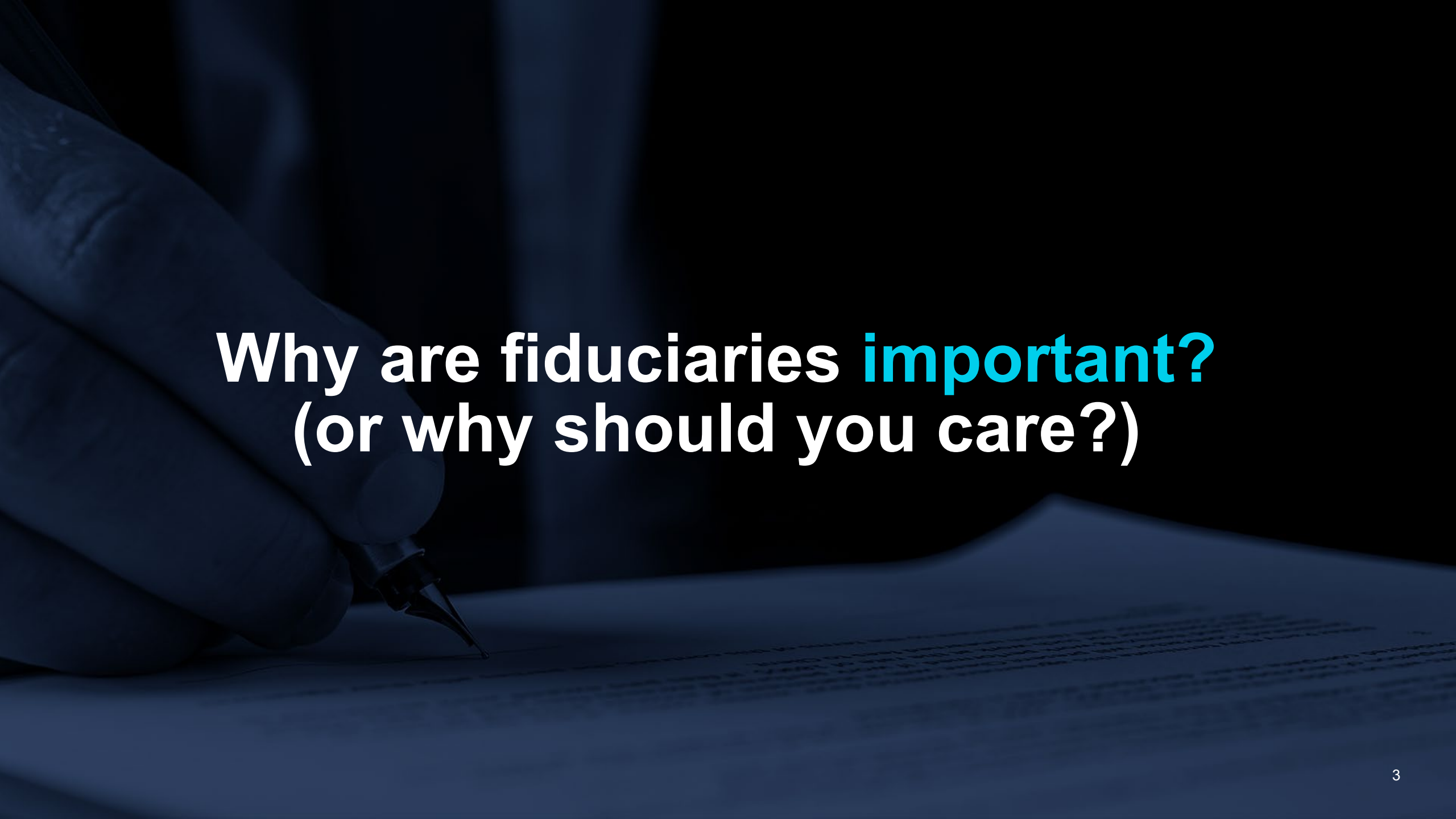
Agenda

**Fiduciary
basics**

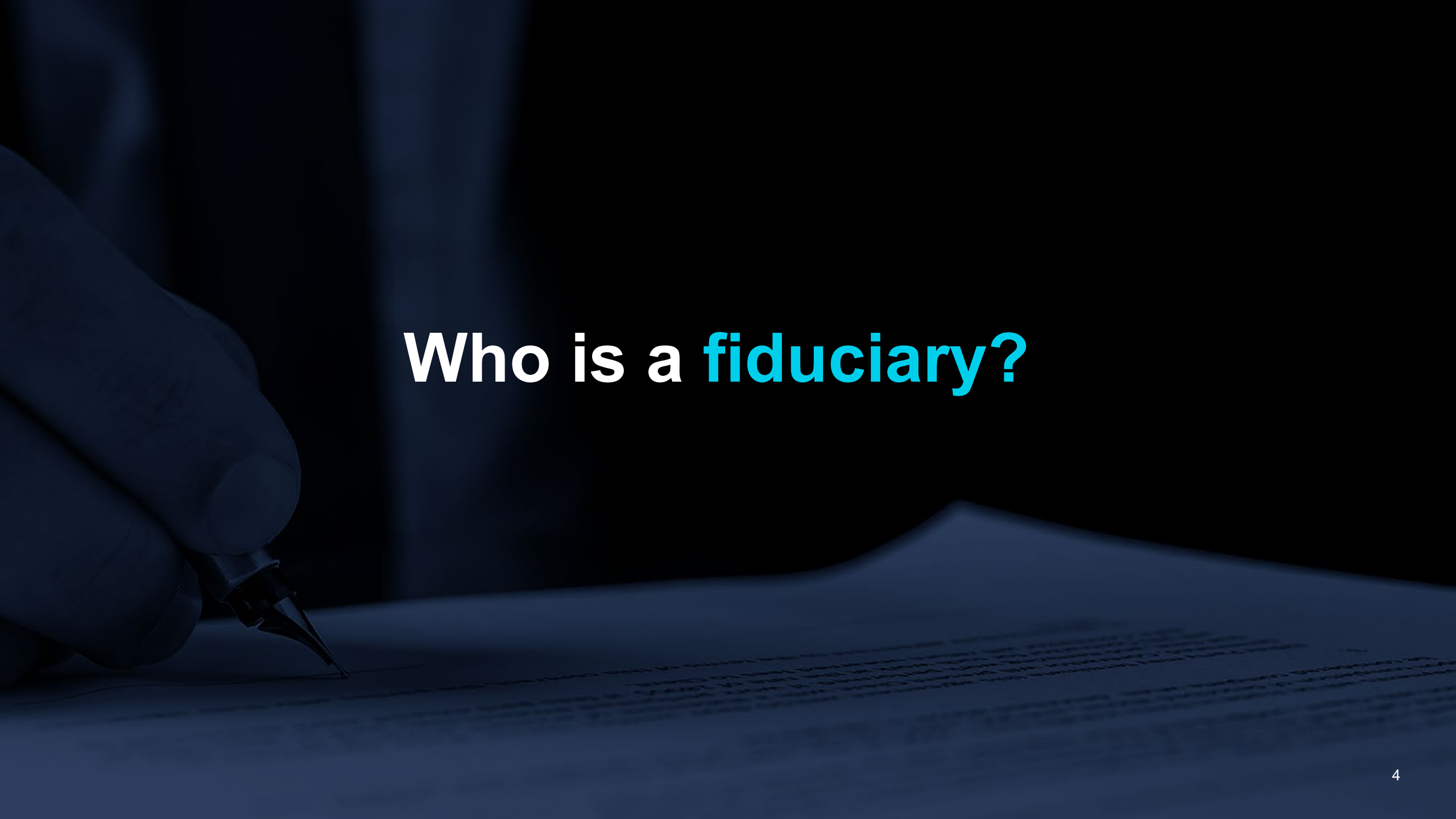
**Fiduciary
responsibilities**

**ERISA litigation
themes**

**Best
practices**

A hand holding a pen is shown writing on a document. The image is dark and moody, with the text overlaid in white and blue. The text is centered and reads: "Why are fiduciaries important? (or why should you care?)".

Why are fiduciaries important?
(or why should you care?)

A dark, moody background image showing a hand holding a fountain pen, poised to write on a document. The lighting is low, creating a professional and serious atmosphere.

Who is a **fiduciary?**



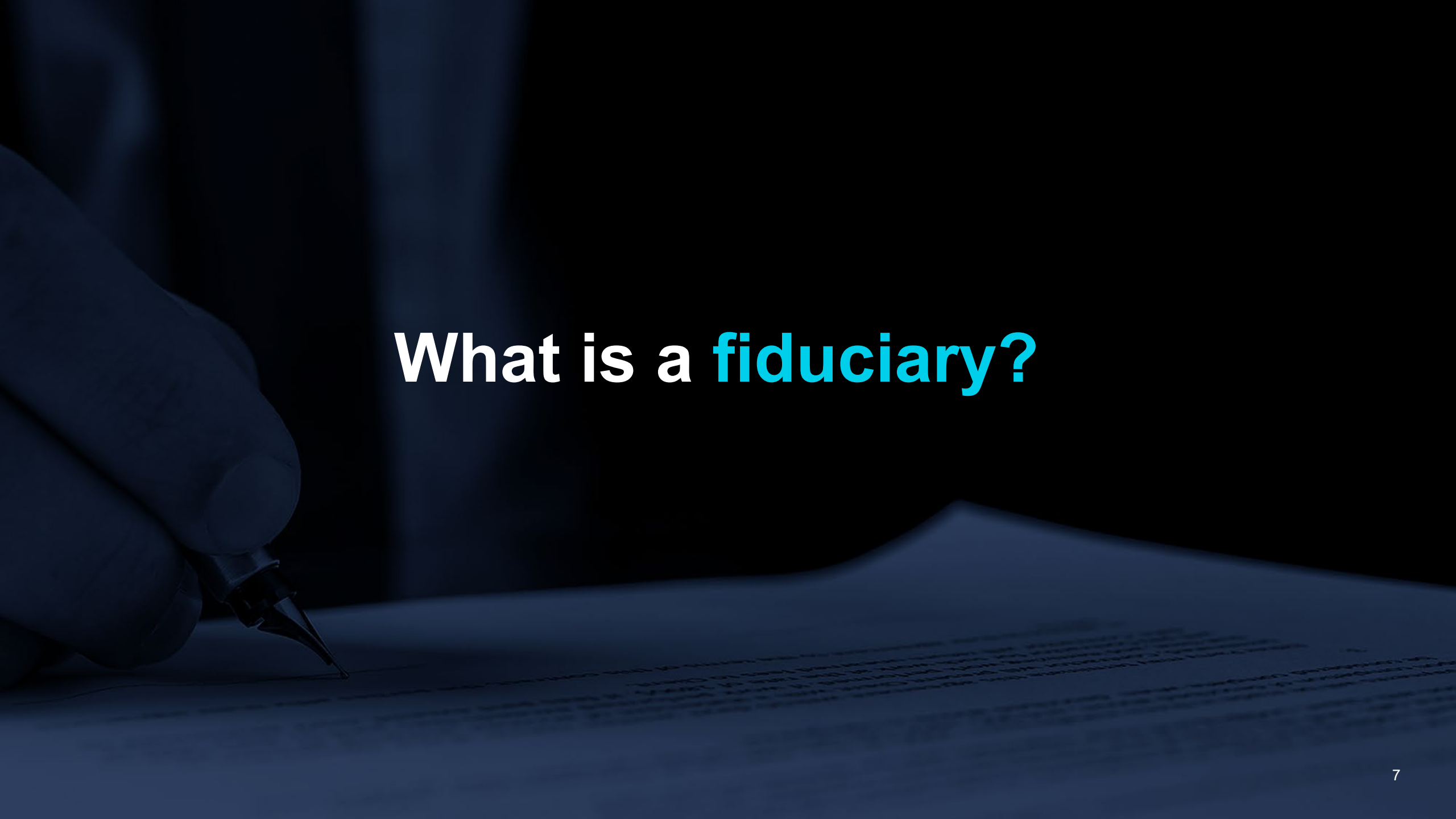
An individual who:

- Exercises discretion or has discretionary authority over plan administration, assets, or investments
- Receives compensation for providing investment advice



Named fiduciary

- ERISA requirement
- Responsible for overall administration of the plan

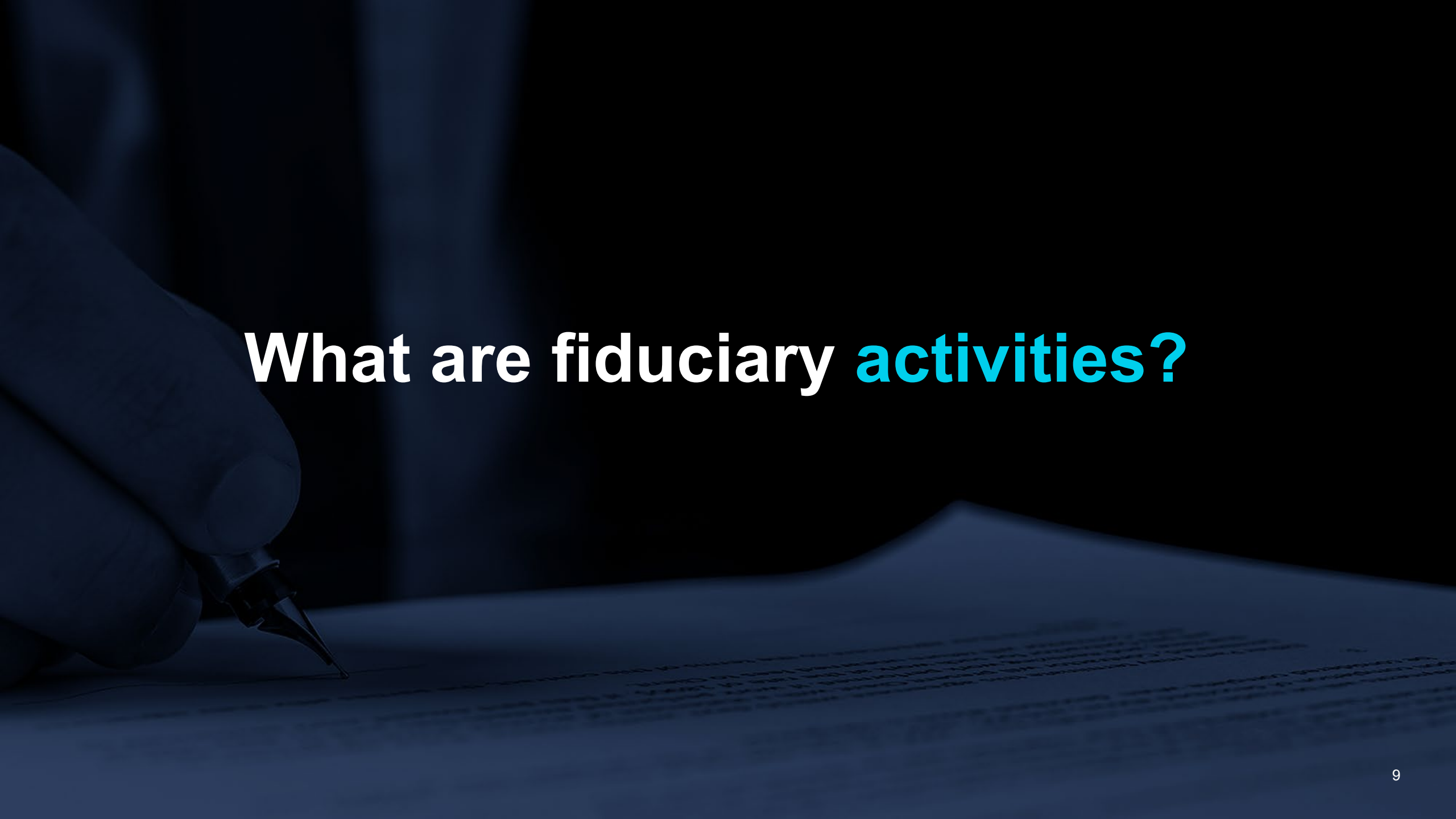
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What is a fiduciary?



An individual who:

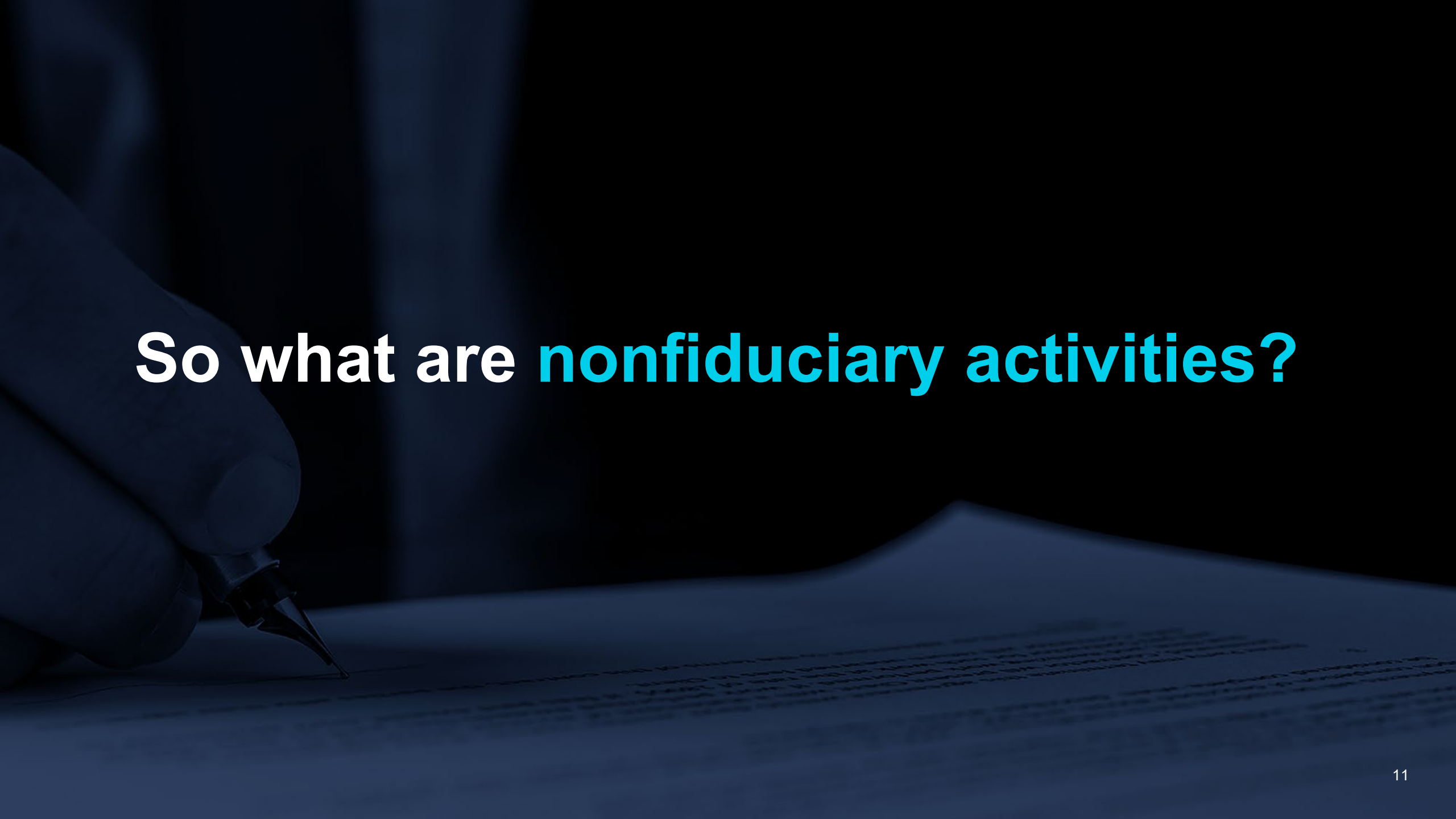
- Is subject to ERISA standards of conduct
- Exercises discretion over plan administration or investments or provides investment advice for a fee
- Must act in the best interest of the plan's participants

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What are fiduciary activities?



- The selection and monitoring of:
 - Service providers
 - Plan investment options
 - Other plan fiduciaries
- Interpreting plan provisions
- Exercising discretion in approving or denying benefit claims

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So what are **nonfiduciary** activities?



Nonfiduciary activities:

Day-to-day operations that don't require the exercise of discretion

- Settlor decisions:
 - Establishing the plan
 - Determining the plan's design
 - Amending the plan
 - Terminating the plan

GAME TIME

Fiduciary or Nonfiduciary?

Joe suspends the company match.

FIDUCIARY

NONFIDUCIARY

Joe suspends the company match.

FIDUCIARY

NONFIDUCIARY

Alex adds distribution options.

FIDUCIARY

NONFIDUCIARY

Alex adds distribution options.

FIDUCIARY

NONFIDUCIARY

Blake decides to approve procedures not permissible in the plan document.

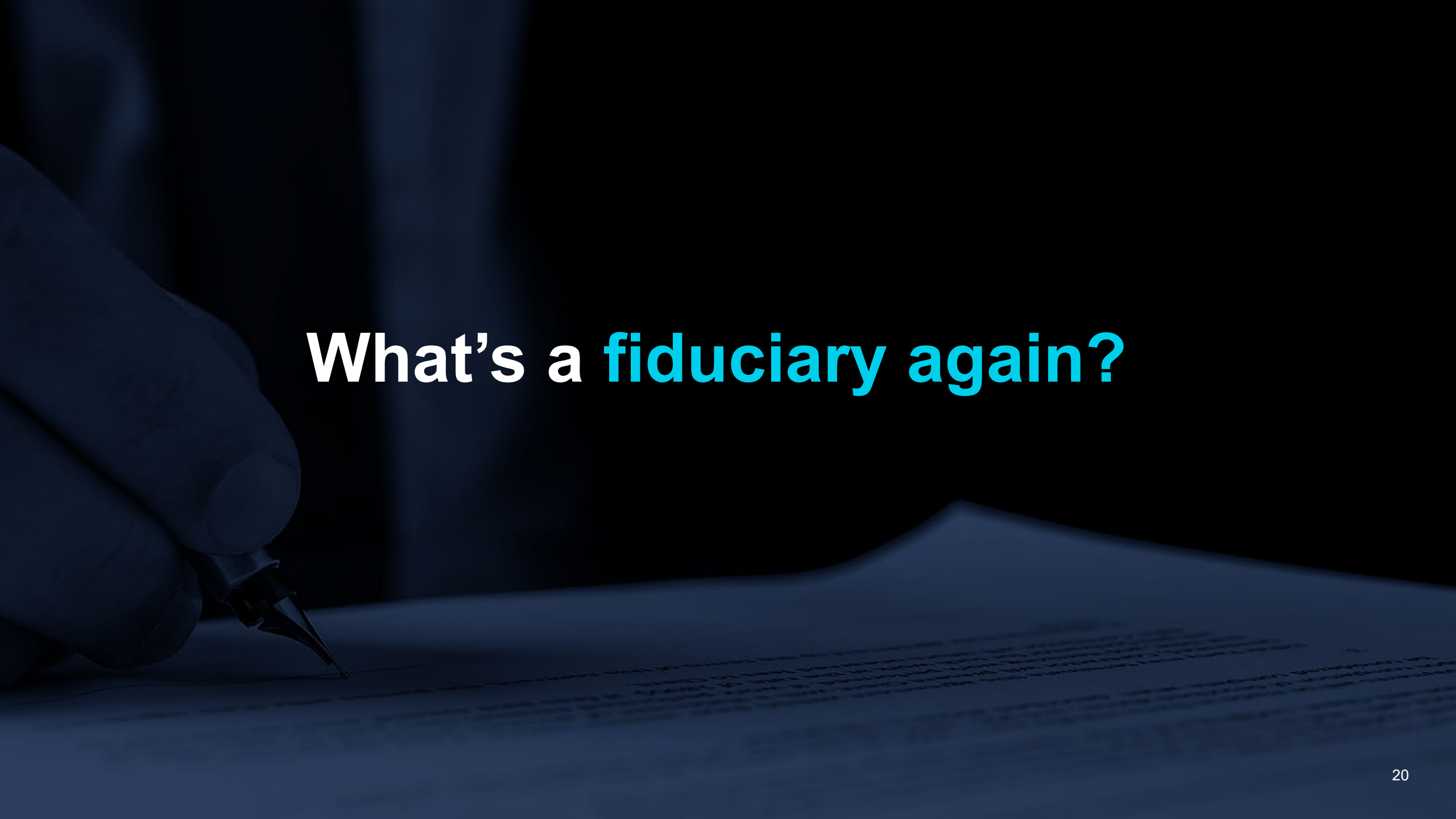
FIDUCIARY

NONFIDUCIARY

Blake decides to approve procedures not permissible in the plan document.

FIDUCIARY

NONFIDUCIARY

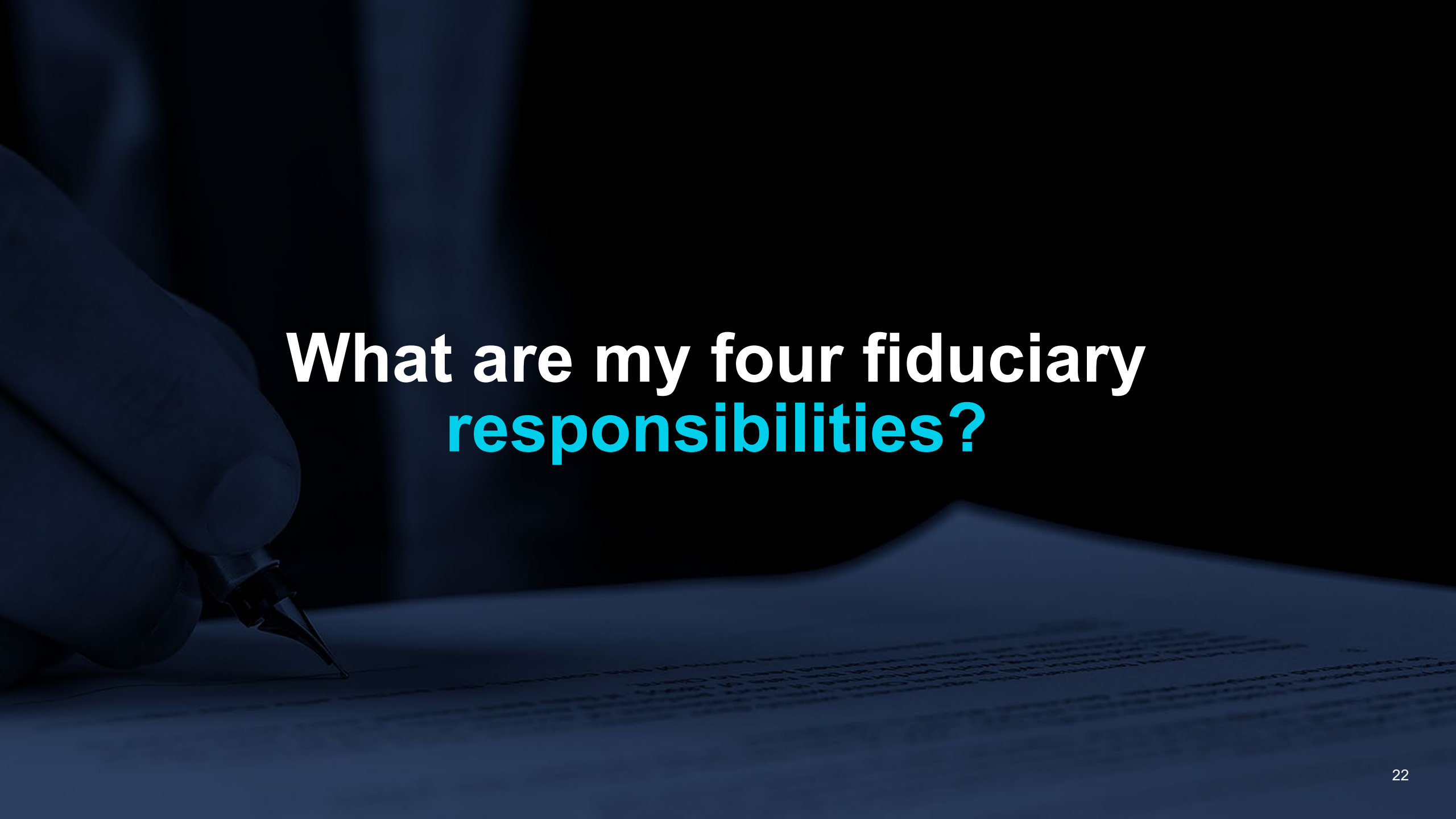
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What's a **fiduciary again?**

**Subject
to ERISA
standards
of conduct**

**Exercises
discretion
or provides
investment
advice**

**Must act in
participants'
best interest**

A dark, moody background image showing a hand holding a pen, poised to write on a document. The lighting is low, creating a professional and serious atmosphere.

**What are my four fiduciary
responsibilities?**

Prudence

Loyalty

Diversification

**Following
terms
of plan
document**

GAME TIME

Which fiduciary responsibility **most** risks
not being followed?

Excessive plan fees

PRUDENCE

LOYALTY

DIVERSIFICATION

**FOLLOWING TERMS
OF PLAN DOCUMENT**

Excessive plan fees

PRUDENCE

LOYALTY

DIVERSIFICATION

FOLLOWING TERMS
OF PLAN DOCUMENT

Inappropriate use of the forfeiture account

PRUDENCE

LOYALTY

DIVERSIFICATION

**FOLLOWING TERMS
OF PLAN DOCUMENT**

Inappropriate use of the forfeiture account

PRUDENCE

LOYALTY

DIVERSIFICATION

**FOLLOWING TERMS
OF PLAN DOCUMENT**

ERISA litigation

A hand holding a pen, poised to write on a document. The image is overlaid with a dark blue filter. The text 'Anatomy of a lawsuit: How lawsuits start' is centered on the left side of the image.

Anatomy of a lawsuit: **How lawsuits start**

Anatomy of a lawsuit: **How lawsuits start**



Lawyer searches
Form 5500
database for
opportunities



Anatomy of a lawsuit: **How lawsuits start**



Lawyer
advertises on
social media



Anatomy of a lawsuit: **How lawsuits start**



Employees or
former employees
respond



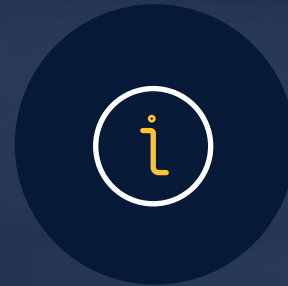
Anatomy of a lawsuit: **How lawsuits start**



Lawyer signs
them up



Anatomy of a lawsuit: **How lawsuits start**



Information
request letter
sent to plan



Anatomy of a lawsuit: **How lawsuits start**



Plan
provides
documents



Anatomy of a lawsuit: **How lawsuits start**



**Lawyer files
lawsuit**

A hand holding a pen is visible on the right side of the image, poised to write on a document. The entire image is covered with a semi-transparent blue overlay. The text 'Anatomy of a lawsuit: How employers respond' is centered in the middle of the image.

Anatomy of a lawsuit: **How employers respond**

Anatomy of a lawsuit: **How employers respond**



Plan fiduciaries
hire lawyer



Anatomy of a lawsuit: **How employers respond**



**Plan fiduciaries
try for early
dismissal**

Anatomy of a lawsuit: **How employers respond**



Case
settles

A hand holding a pen is positioned on the right side of the frame, poised to write on a document. The document features a bar chart with several vertical bars of varying heights. The entire scene is overlaid with a dark blue, semi-transparent filter. The text 'What was the dollar amount of 2024 litigation settlements?' is centered on the left side of the image. The year '2024' and the words 'litigation settlements' are highlighted in a bright yellow color, while the rest of the text is white.

What was the dollar amount of **2024**
litigation settlements?

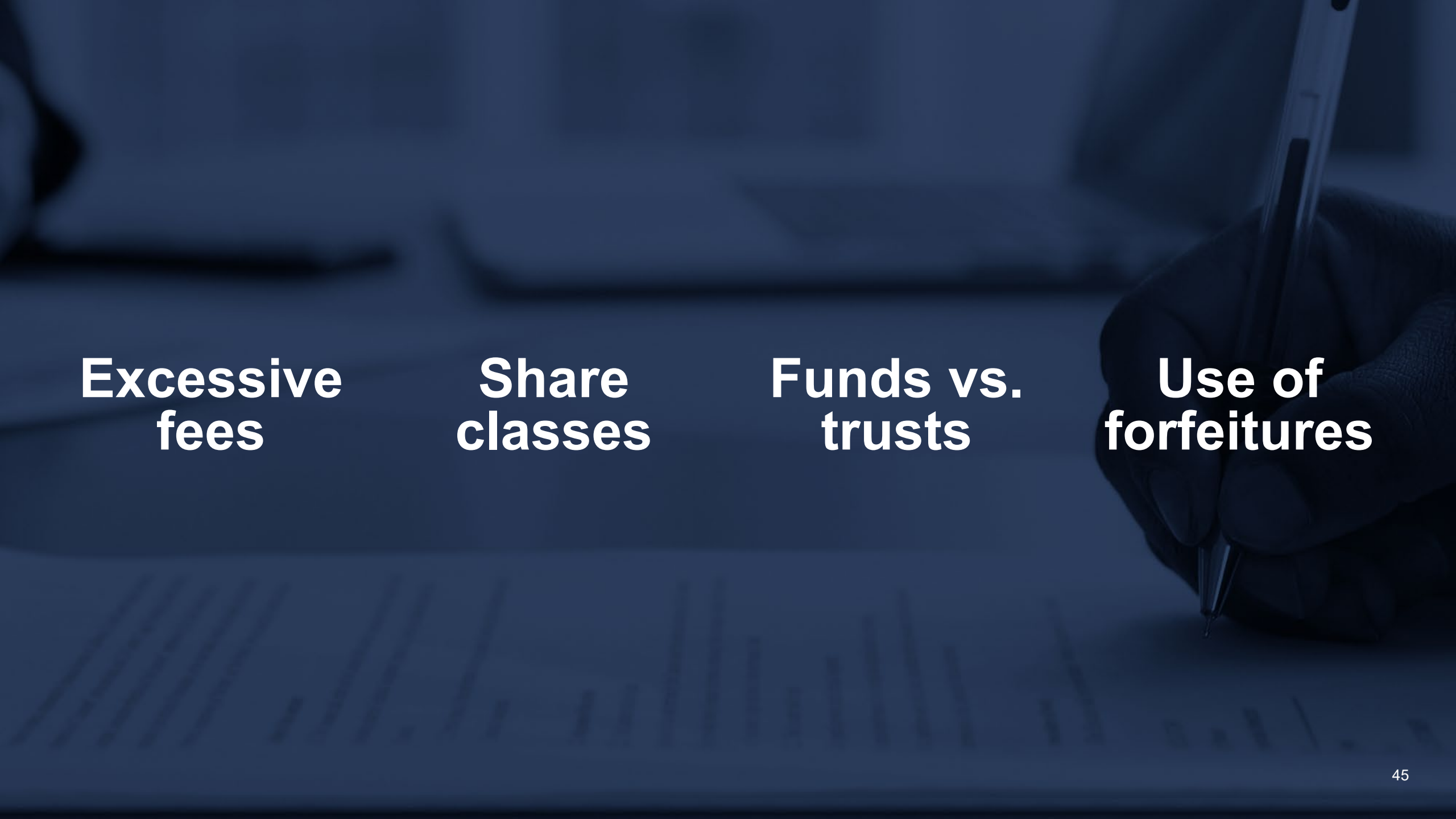


\$203m

Source: Aronowitz, Daniel. "401(k) Excessive Fee Litigation Spiked to 'Near Record Pace' in '24.'" PLANADVISER, January 13, 2025, www.planadviser.com/401k-litigation-continues-fever-pitch/.

A hand holding a pen is visible on the right side of the image, positioned over a document. The entire image is covered with a dark blue overlay. The text is centered on the left side of the image.

What litigation themes
are **emerging**?

A hand holding a pen is visible on the right side of the image, appearing to write on a document. The background is a dark blue overlay with a faint bar chart pattern at the bottom.

**Excessive
fees**

**Share
classes**

**Funds vs.
trusts**

**Use of
forfeitures**

A person wearing a white shirt and a striped tie is shown from the chest down, sitting at a desk. They are holding a black fountain pen and writing on a document. The image is overlaid with a dark blue tint. The text "What about selecting investments?" is centered over the image, with "investments" in pink.

What about selecting investments?

**While cost is important, the court
has recognized that picking the
lowest-cost option is not everything.**



A person wearing a dark suit and a striped tie is seated at a desk, writing on a document with a fountain pen. The scene is dimly lit, with a blue tint. The text "Core investment factors" is overlaid on the image.

Core investment factors



Cost



Return potential



Risk



Management style



Cost



Return potential



Risk



Management style



Cost



Return potential



Risk



Management style



Cost



Return potential



Risk



Management style

A person wearing a dark suit and a striped tie is seated at a desk, writing on a document with a fountain pen. The image is overlaid with a semi-transparent blue filter. The text "Other considerations" is centered over the image.

Other considerations



Hiring an expert



Consider employee demographics



Benchmark and evaluate options



Monitor investments on an ongoing basis



Hiring an
expert



**Consider
employee
demographics**



Benchmark
and evaluate
options



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Benchmark
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**Monitor investments
on an ongoing basis**

A person wearing a white shirt and a striped tie is shown from the chest down, sitting at a desk. They are holding a black fountain pen and writing on a document. The image has a blue tint. Overlaid on the image is the text "How do I evaluate recordkeepers?".

How do I evaluate recordkeepers?



**Available
services**



**Quality of
services**



**Provider
experience**



**Reasonable
fees**



Available
services



Quality of
services



Provider
experience



Reasonable
fees



Available
services



Quality of
services



Provider
experience



Reasonable
fees



**Available
services**



**Quality of
services**



**Provider
experience**



**Reasonable
fees**



Fiduciary best practices (or tips to help you **avoid lawsuits)**



FIRST:
**Take your fiduciary role seriously and
ask questions.**



**Establish
and follow
routines**



**Consider
reasonably available
alternatives**



**Know when
to consult an
expert**



**Document,
document,
document**



**Revisit
decisions
periodically**



**Establish
and follow
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How do I get started?

**Review
408(b)(2)
disclosures**

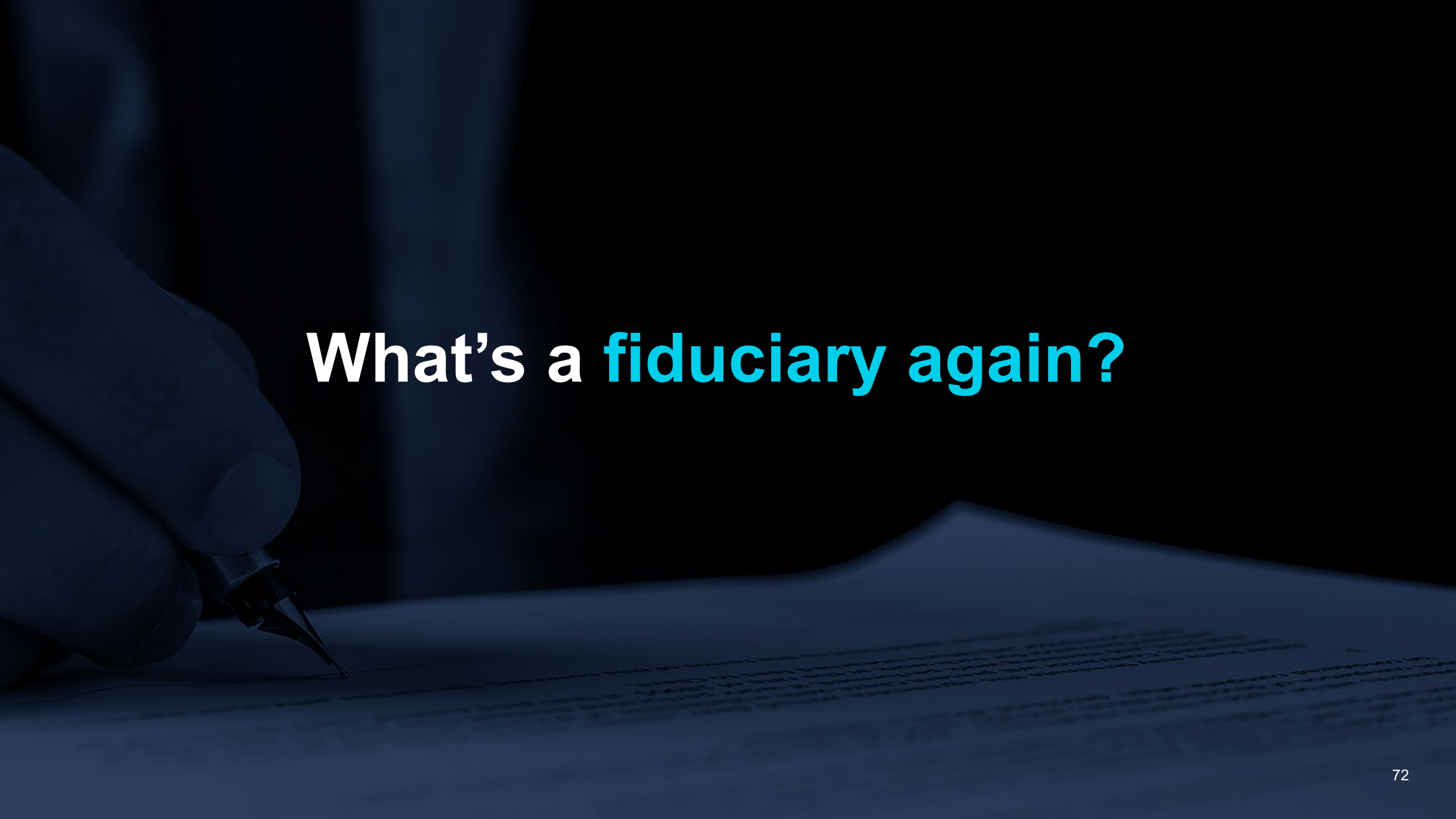
**Maintain a
process for
decision-
making**

**Conduct
periodic
reviews**

**Benchmark
fees and
services**

**Consider
an
investment
policy
statement**

**Consider
liability
insurance**

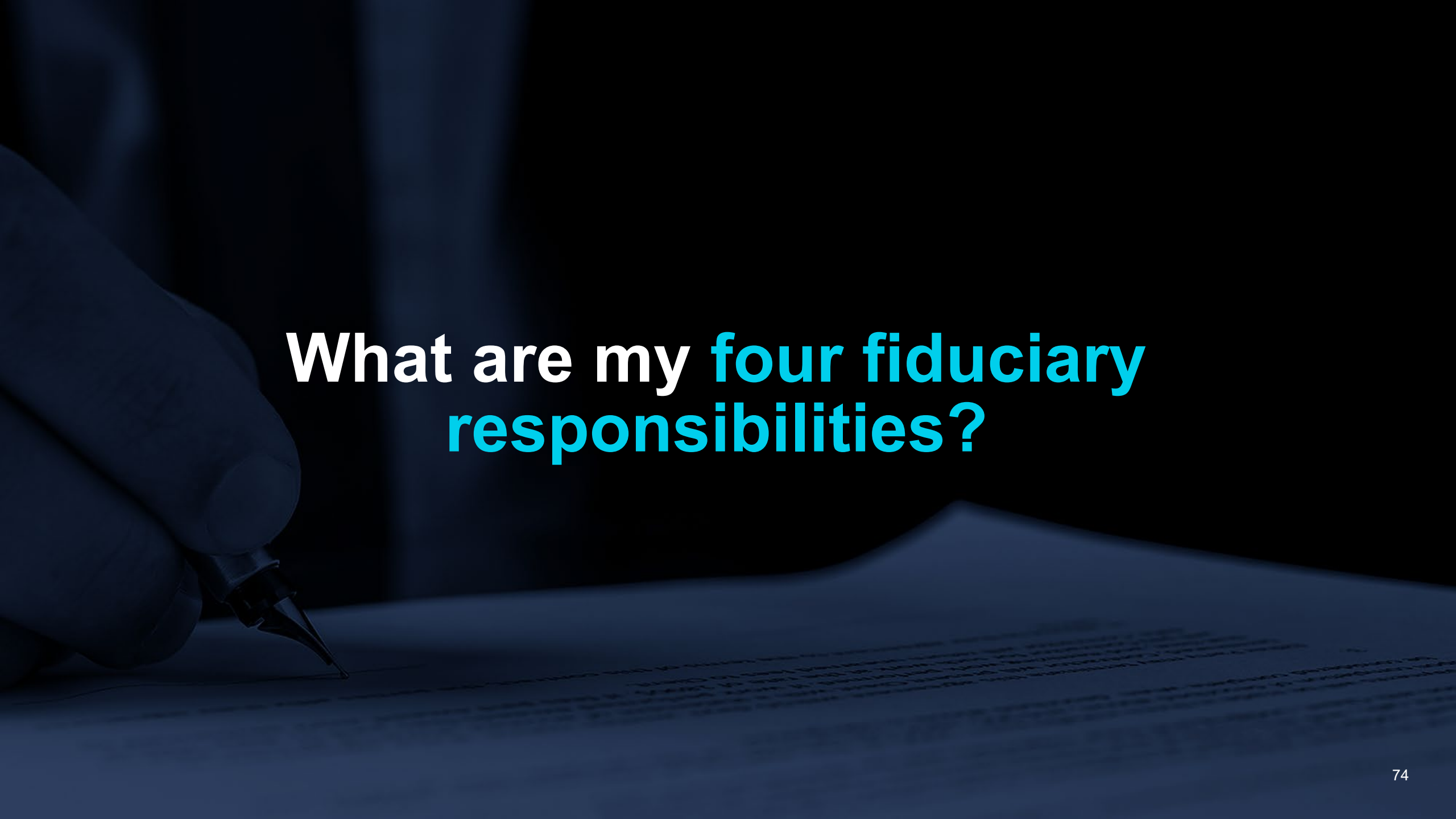
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What are my four fiduciary responsibilities?

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Loyalty

Diversification

**Following
terms of plan
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Can't wait to learn more?

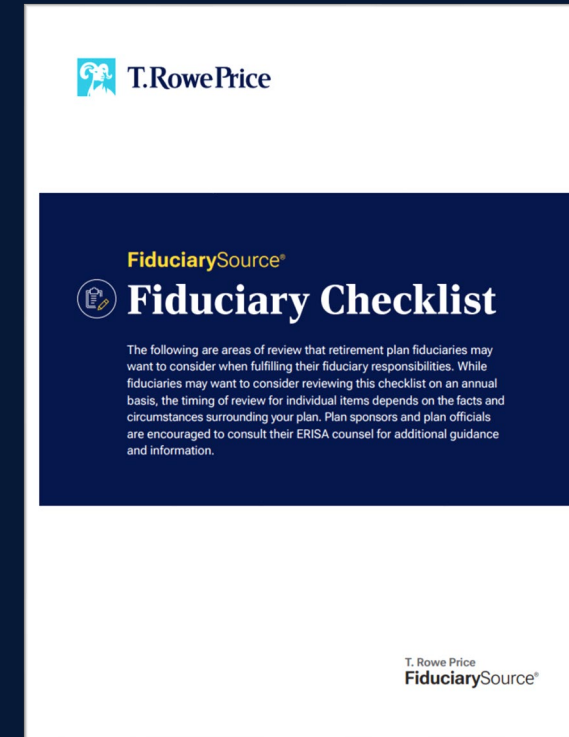


FiduciarySource®
checklist and guide



Fiduciary Guide

A 57-page
resource guide



Fiduciary Checklist

A 5-page checklist
and calendar tool



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Thank You

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not individualized to the needs of any specific investor and is not intended to suggest that any particular investment action is appropriate for you, nor is it intended to serve as a primary basis for investment decision-making.

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