



NEPC, LLC

# DEFINED CONTRIBUTION

## NEPC has been providing dedicated Consulting Services to Defined Contribution Plans since 1993

NEPC is regarded as one of the nation's premier consulting practices to defined contribution plans. We partner with plan sponsors, as a co-fiduciary, to control the business risks associated with operating retirement programs. We apply our expertise to every aspect of the program: plan design, investment policy development, manager due diligence and searches, selection of an administrative service provider, performance reporting, and fee review.

For years we have advocated to clients, and testified in Washington, that defined contribution plans should offer fewer funds, lower fees, better target-date funds, and retirement-income solutions. We are a strong proponent of auto features such as automatic enrollment and deferral-rate escalators, because we believe they are critical in encouraging participants to save early, save more, and diversify.

## Fiduciary Oversight

Employers are overseeing large participant asset pools and have heightened concerns about fiduciary responsibility and compliance, in part because dozens of large plan sponsors have been sued by their workers for fiduciary breaches over allegedly high fees and unsuitable investments in their defined contribution plans.

Providing our clients with the tools required to proactively manage their plan investments, administration, and service providers is an integral component of the services we deliver. We can help plan sponsors run their programs according to their plan rules and the terms of an Investment Policy Statement, and keep them abreast of custom and practice among similarly sized plans and institutional investors. We can create and review a fiduciary file, with checklists for reviewing 404(c) compliance, service agreements, 408(b)(2) and 404(a)(5) disclosures and other plan governance documentation.

## Building Better DC Plans with Institutional Best Practices

NEPC has been at the forefront of efforts to institutionalize defined contribution plans. We are working hard to close the gap between defined benefit (DB) and DC returns and we have clients who are running industry-recognized DC investment programs. DB plans have access to a breadth of asset classes and investment strategies historically unavailable to DC plan investors, although today those asset classes and strategies are coming into target date funds, which is an exciting new development.



*NEPC partners with our clients to control the business risks associated with operating their plans and delivering the benefits intended.*

### Fiduciary oversight and investment consulting services include:

- QDIA selection/review
- Build/advise on custom portfolios
- Develop/model custom target date fund glide paths
- Develop, maintain and monitor IPS
- Performance monitoring
- Investment manager search
- Fee measurement and benchmarking
- 404(c) compliance
- Record keeping vendor evaluation/selection
- Outsourced ERISA 3(38) fiduciary services

We are a founding member of DCIIA, the Defined Contribution Institutional Investment Association, which offers the following definition of institutionalization, "Institutionalization is a broad mindset that applies beyond investment options. It's how you get people into the plan; how you design it properly; how money moves out of the plan over time; what options are offered; how fees are structured; and what types of unbiased advice might be available for participants along the way." To maintain a successful retirement plan, a plan sponsor must sensibly adapt to the times, and this requires a great deal of education and consulting. NEPC's consultants support the institutionalization of DC plans with original research and consulting on the latest industry trends, legislation, regulation, investment products, and services. Recently published research includes:

- *Defined Contribution Plan Fees Continue to Decline: 2013 NEPC Plan & Fee Study*
- *A Discussion of Defined Contribution Plan Fees, One Plan Sponsor's Perspective*
- *Target Date Funds - TIPS for ERISA Plan Fiduciaries from the Department of Labor*
- *A Closer Look at the Capital Preservation Funds Used in Defined Contribution Plans*
- *Stable Value On The Brink, But Surviving*
- *Roth 401(k) Revisited*
- *Mapping - What the New Regulations Suggest for Defined Contribution Plans*

## Annual Defined Contribution Plan and Fee Survey: A Vital Resource

NEPC's Plan and Fee Survey is unique within the industry. Since the yearly series began in 2005, we have heard consistently from clients and their attorneys that the Surveys have been extremely useful in benchmarking plan fees. NEPC undertakes the Survey as a due diligence exercise to encourage fee transparency, improve our clients' understanding of fees, and assist clients in fee negotiations. Given the lack of clarity about types of fees and the variety of ways in which they are charged, the NEPC Survey focuses on delivering data from a wide range of service providers in an easy-to-understand format. In addition to fee information, the Survey provides comparative data on key metrics such as utilization rates of auto-features and the number and types of investment options offered by plan sponsors.

## Seasoned Consultants Well Versed in the Complexities of Defined Contribution Plans

NEPC's long-tenured consultants provide continuity, integrity, and technical expertise to support our clients' defined contribution programs. In a defined contribution plan, investment risk and investment rewards are meant to be assumed by each individual worker and not by the sponsor/employer. But the risks and responsibilities of these programs are evolving as they become the primary retirement-savings vehicle for tens of millions of American workers. Defined contribution plans are complex and demand a high level of specialized knowledge. Please call us for references and for more information about how we can partner with you.

**We take great pride in developing programs that deliver a more secure retirement to more than one million plan participants across our client base.**

YOU DEMAND MORE. So do we.<sup>SM</sup>

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