

A man with dark hair, wearing a white shirt with thin blue vertical stripes and a silver watch, is sitting in a tan, textured chair. He has his hands clasped behind his head, looking out a window at a blurred city skyline. The scene is brightly lit, suggesting daytime.

# Evaluating & Vetting Advisors: A Mock Plan Sponsor Committee Meeting

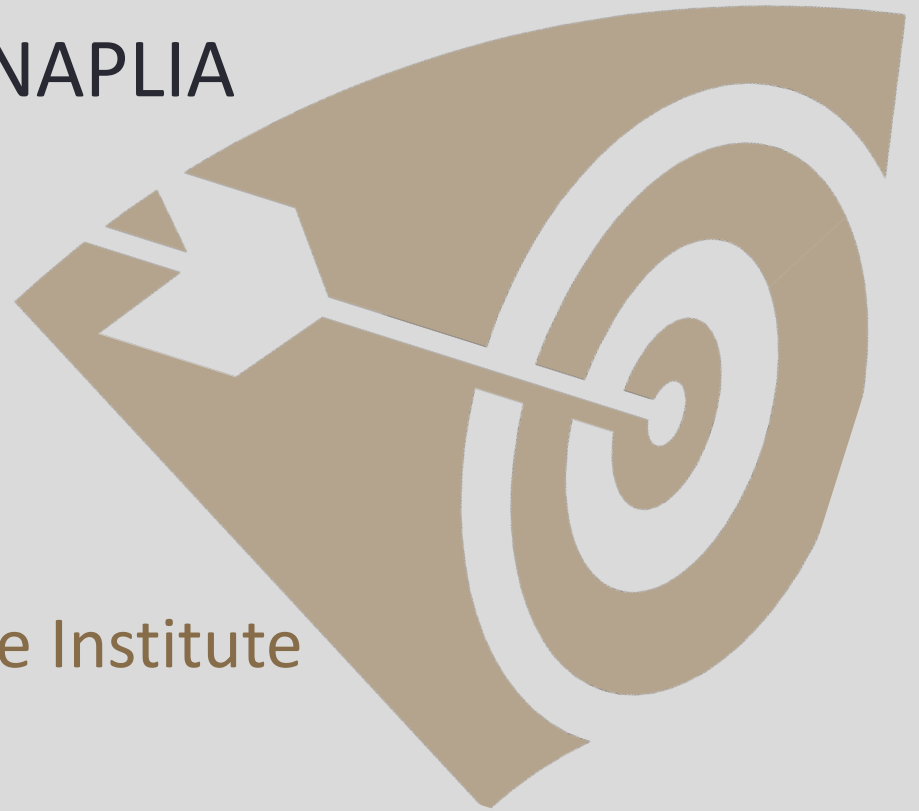
**Panelist:** Gary Sutherland, Kimberly Elliot  
& Jason Roberts

**Tom Schrandt, AIF  
PLCG**

By: Professional Liability Consulting Group, LLC

# The Committee

- Tom Schrandt, CEO, PLCG
  - Acting as CEO of Ringblat, Fishman, & Proctor
- Gary Sutherland, CEO, NAPLIA
  - Insurance
- Kimberly Elliot
  - Legal
- Jason Roberts
  - CEO of Pension Resource Institute



# Tom Schrandt, AIF



Tom Schrandt is the Managing Partner of Professional Liability Consulting Group, LLC (PLCG). Since 2004 Tom and his team have been providing Professional Liability Insurance solutions to the accounting and financial industries as well as attorneys and a variety of other consultants. PLCG is a national independent brokerage firm with clients in all 50 states and is the broker of record for more than 5,000 professionals nationwide. Tom has over a decade of experience within the commercial insurance industry and has led PLCG to become one of the top Independent brokerage firms in the nation.

# Gary Sutherland, CIC



CEO of North American Professional Liability Insurance Agency, LLC (NAPLIA). Certified Insurance Counselor. Mr. Sutherland is a regular presenter on risk management and insurance for Investment Advisors and other Financial Professionals. He speaks annually at conferences for The Center for Due Diligence and fi360, both nationally recognized associations for Investment professionals. He has further served on several national panel discussions regarding best practices, claim mitigation and understanding E&O insurance for Investment professionals.



# Jason Roberts



Jason C. Roberts is the Founder and CEO of the Pension Resource Institute (PRI) providing strategic consulting and training to retirement plan service providers (broker-dealers, RIAs, investment managers, record-keepers, TPAs, etc.) and fiduciary education to plan sponsors. He is primarily responsible for tactical planning and business development at PRI and actively leads many of PRI's consulting projects.

Jason is a nationally-recognized speaker and has published numerous articles on fiduciary best practices, ERISA compliance and securities regulation. He is frequently quoted and interviewed by both professional and public publications, including The Wall Street Journal, InvestmentNews, Dow Jones News, Registered Rep. Magazine, Reuters, Ignites, PLANSPONSOR Magazine, PlanAdviser Magazine, Institutional Investor, Fund Action, and FSI Voice.

# Kimberly Elliot JD, LLM, MBA



Kimberly Elliott is an ERISA investment lawyer, engaging in a multi-disciplinary practice helping clients successfully navigate the complex intersection of rules founded in ERISA/employee benefits, securities law, broker dealer regulation and tax.

As General Counsel of Pension Resource Institute, LLC, (“PRI”), Kim provides legal and regulatory guidance to PRI in connection

with the development and distribution of its products and services. Jason C. Roberts, Kim’s partner in Roberts Elliott, founded and is CEO of PRI.

Licensed as an attorney in Illinois and Missouri, Kim is a three-time graduate of Washington University in St. Louis, having earned her JD, LLM, and executive MBA there. She was a FINRA licensed principal and investment advisor representative while in-house and holds the Fellow, Life Management Institute designation. Kim was named President Emeritus of the Association of Corporate Counsel (St. Louis), chaired the Employee Benefits Committee of the Missouri Bar and is a frequent speaker on employee benefits and securities-related topics.

# Ringblat, Fishman, & Proctor

## RFP

- 25 Years in Business
- \$70MM in Revenue
- 148 Employees
- 2 Locations
- Pension Plan = \$55MM
- Have been with current RIA for almost 10 years.
- First formal RFP Process / Benchmark





## The Goal

- Assemble a panel of experts to review & select an advisor for the firm's 401k plan
- 7 submissions received, and narrowed down to 3 finalists
- Formal documented process is used to select the final pick
- 4 areas reviewed:
  - Insurance, Education, Legal, & Fees



## Considerations – Insurance

- Does the Advisor have E&O Insurance ?
- Are the limits of liability adequate ?
- Does the policy provide “affirmative fiduciary” coverage ?
- Does the Advisor have appropriate ERISA bonding ?
- Does the Advisor have Crime coverage ?



## Considerations – Plan Participant Education

- Who is on the Advisory Team & what are their qualifications?
- Plan fiduciary support & types of fiduciaries ?
- Firm stability and track record
- Training for team members
- Assistance in relieving workload of committee members







## Considerations – Insurance

- 408(b)(2) disclosures, including statements of fiduciary status
- Experience and qualifications, including registration
- Reasonableness of fees
- Quality of services
- Terms of the contract
- Intangibles





## Considerations – Benchmarking & Fees

- Is Committee Focusing on Value Not Cost?
- What Range of Services are Offered?
- Does Firm Actually Have the Expertise to Meet "Expert Standard" in All Areas?
- Understandable Business Justification for Fee & Service Structure?
- Reasonable Fee Structure: Flat v. Asset-based v. Combination?

## The Contestants – Small local firm

- Have handled firm's Pension Plan for the last 10 years
- 3 Advisors
- Average 15 years experience







## The Contestants – Regional Firm

- 20 Advisors
- 14 years of experience advising on ERISA plans





## The Contestants – National Firm

- Broker / Dealer – RIA
- Large client & advisor base
- Bundled Full Service Provider





## Conclusion

1. Position yourself to win
  - Have the right insurance, provide value-added services, understand legal issues, and empathize with committee challenges
2. Speak to your strengths, but don't ignore potential weaknesses
  - We're small, but we give highly personalized service
  - We're big, but we still give personalized attention





## Conclusion (cont.)

3. Adequate Insurance and Bonding is essential to the selling process
4. Participant education and the ability to track retirement readiness improvement is critical
5. Legal review should include all disclosures, fiduciary status, advisor contract, and insurance binder
6. Fees should be benchmarked and appropriate for the services provided
  - Lowest cost is not always best value



## Conclusion (cont.)

7. Make sure that your RFP submission is complete and answers all questions raised by committee
8. Do not leave the committee pondering unanswered questions
9. Do not make assumptions, be clear and succinct
10. Have an ERISA attorney review your contracts