



INTRODUCING

# THE INDEPENDENT ASSESSMENT REPORT



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The most comprehensive way of helping plan trustees fulfill their fiduciary responsibility.



# PLAN FIDUCIARY

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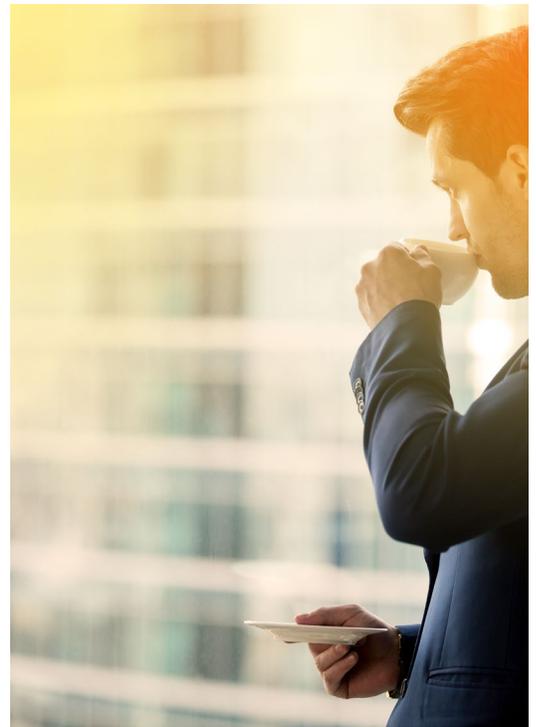
**We commend you for sponsoring a retirement plan for your employees.** Whether you are a named fiduciary defined in the plan's adoption agreement or your actions dictate your fiduciary status; you have a legal responsibility to act in the best interest of your plan and participants.<sup>1</sup>

If you perform any of the following functions for your company's retirement plan, you may be considered a functional fiduciary:

- Exercise authority or control of the plan's management or administration
- Control or manage plan assets
- Provide investment advice to the plan or participants
- Select or supervise other plan fiduciaries
- You are a plan sponsor, plan trustee, or committee member

As a plan fiduciary, you endure legal and performance pressures and may be held liable if faced with complaints alleging fiduciary misconduct.

While fiduciary duties can never be handed over completely to another party, they can be shared with other "co-fiduciaries," such as Investment Advisors.



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<sup>1</sup> [US Department of Labor. "Fiduciary Responsibilities." DOL.gov.](https://www.dol.gov)

# INVESTMENT ADVISOR

To help limit your liability, you can seek support from prudent experts, in this case an Investment Advisor. It is important that plan fiduciaries select Investment Advisors that:

- Know standards, laws and trust provisions
- Diversify assets to specific risk/return profile of the client
- Prepare investment policy statement
- Prudently select fiduciary and non-fiduciary service providers and document due diligence
- Control and account for investment expenses and other costs
- Avoid or manage conflicts of interest in favor of the client
- Monitor service providers and prudently manage service provider relationships
- Monitor and ensure conformity to fiduciary obligations owed to clients and beneficiaries

**But how do you know you're hiring an advisor worthy of trust and confidence?** It can be difficult to adequately select and monitor an Investment Advisor. CEFEX helps reduce the risk associated with your selection. Your CEFEX certified Investment Advisor has been assessed by an independent fiduciary expert, thereby providing assurance the firm will act in the best interest of your plan's participants and beneficiaries.



**CEFEX certification verifies that your advisor is capable of fulfilling the responsibilities you have delegated.**



The Centre for Fiduciary Excellence (CEFEX) was founded in 2006 with the mission to promote fiduciary excellence by assessing and certifying conformity to high professional standards of conduct. CEFEX is an independent assessment and registration organization for the financial services profession.

## Fi360

Fi360's mission is to help institutions and advisors gather, grow, and protect assets through better investment and business decision-making. Fi360's capabilities include professional development, software applications, and research and practice management. Fi360 is the home of the AIF® designation, Fi360 Toolkit®, author of the Prudent Practices® fiduciary handbooks and is the parent company of CEFEX. For more information about Fi360, please visit [www.fi360.com](http://www.fi360.com).

# FIDUCIARY RESPONSIBILITY

Under the Employee Retirement Income Security Act of 1974 or ERISA (the law that governs private workplace retirement plans), a plan fiduciary's legal responsibilities include the duties of:

- **LOYALTY**  
Act solely in the interest of plan participants and beneficiaries, with the exclusive purpose of providing benefits to them
- **CARE**  
Carry out duties with skill, prudence and diligence
- **DOCUMENTATION**  
Follow the plan documents (unless inconsistent with ERISA)
- **DIVERSIFICATION**  
Diversify plan investments to properly manage risk
- **ENSURE Reasonable Plan Expenses**  
Pay only reasonable expenses to administer the plan and manage its assets
- **MONITORING**  
Regularly monitor plan assets, share classes and costs

## THE GLOBAL FIDUCIARY STANDARD

The CEFEX assessment process protects plan sponsors by helping you to demonstrate fulfillment of your fiduciary duties.

**The independent evaluations and annual audits conducted by CEFEX can serve as documentation that you are working with prudent experts that demonstrate adherence to a Global Fiduciary Standard of Excellence.**



The Global Fiduciary Standard of Excellence comprises twenty-one of the financial services profession's best practices and is substantiated in case law and regulatory opinion letters. It's a thorough, comprehensive checklist of fiduciary processes that your CEFEX Investment Advisor has in place.

CEFEX helps plan sponsors feel confident that their financial advisory firm adheres to the Global Fiduciary Standard of Excellence and is worthy of the high level of trust required for a successful client-advisor relationship.

# THE INDEPENDENT ASSESSMENT REPORT

The Independent Assessment Report (IAR) provided by CEFEX is **documented evidence** of your Investment Advisor's conformity to the Global Fiduciary Standard of Excellence. The IAR attests to your advisor's successful completion of our rigorous certification audit and **should be in every plan sponsor's fiduciary file.**

The CEFEX independent annual assessment is performed by an expert auditor who must hold the Accredited Investment Fiduciary Analyst® designation and maintain annual training by CEFEX.

CEFEX assessment is based on the international standard, ISO 19011: Guideline for quality management system auditing. The assessment is evidence-based, and all work is reviewed by the CEFEX Registration Committee to ensure impartiality and consistency.



# CONFIDENCE INSIDE

The IAR clearly states:

- Name and address of the advisory firm
- CEFEX file number
- Date of the most recent CEFEX assessment
- Members of the CEFEX assessment team and their attestation
- Scope of the assessment

A summary of the CEFEX assessment methodology is included along with a section listing the applicable fiduciary practices which were found to be in conformity. The practices are the foundation and framework for a disciplined investment process and are generally considered best in class for investment advisors.

## THE ASSESSMENT ELEMENTS INCLUDE:

### Overview

- Background check (performed at initial assessment), including ADV, FINRA BrokerCheck (if applicable) and civil lawsuit databases
- Document review including Investment Policy Statement, Investment Committee minutes, client performance reports, RFP's in the selection of service providers, written evidence of Investment Manager reviews and service agreements
- Comparison of capital market inputs for asset allocation model assumptions to a benchmark
- Comparison of risk and return models to a benchmark
- Comparison of investment due diligence screens to a standard threshold
- Review of actual investments using a standard fiduciary scoring system. (The Fiduciary Score is a measure of an investment's position relative to a group of peers, using factors such as track record, assets, management tenure, style consistency, etc. over a period of three years.)
- Review of arrangements with custodians, brokers and other service providers.

### Additional report features include:

#### DETAILS

- Criteria which represent the details of the Global Fiduciary Standard of Excellence
- Details describe the specific ways in which the advisor adheres to the particular practice

#### SUBSTANTIATION

- Legal substantiation derived from local statutes, case law, regulations and/or regulatory guidance
- Specific references to the Employee Retirement Income Security Act (ERISA), the Investment Advisers Act of 1940, the Uniform Prudent Investor Act (UPIA), the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Uniform Management of Public Employee Retirement Systems Act (UMPERSA) in the U.S.

# DOWNLOAD YOUR REPORT

Choosing to hire a CEFEX certified firm will help you document the selection and monitoring of your Investment Advisor. Be sure to download and save the Independent Assessment Report (IAR) to your fiduciary file.



**VISIT**  
the CEFEX website

<https://www.cefex.org/CertifiedAdvisors>



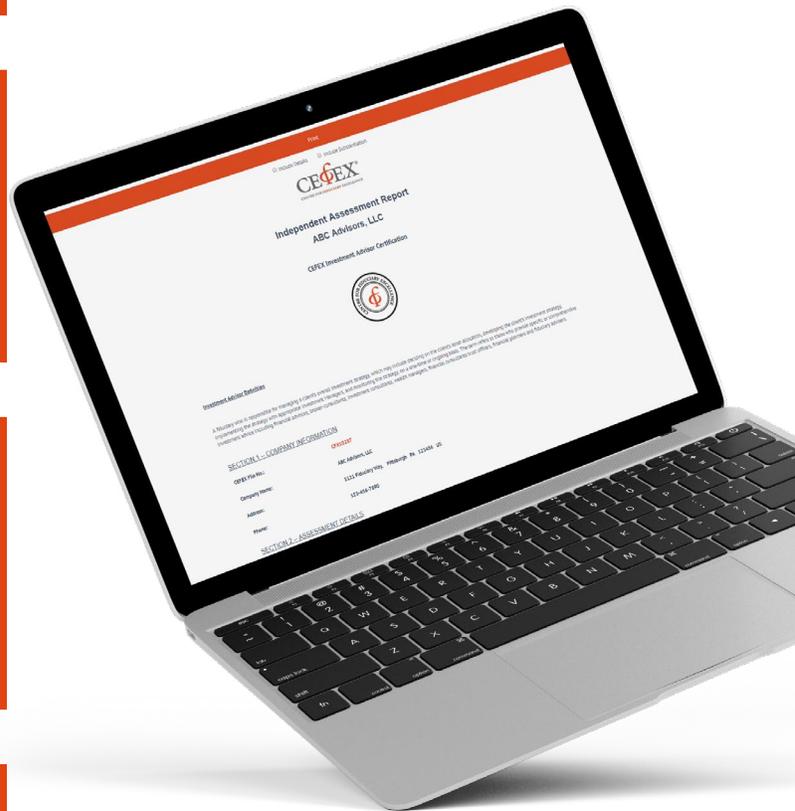
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# Helping plan trustees fulfill their fiduciary responsibility.



Hiring a CEFEX certified Investment Advisor helps plan fiduciaries fulfill their responsibilities and the downloadable Independent Assessment Report provides documented evidence that you are prudently selecting and monitoring your plan's service providers. **Download your Investment Advisor's IAR today and store it in your fiduciary file.**



For questions and additional information, please contact us directly.

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