

Granite Insight

**The case for a Discretionary Fiduciary**

**Why should I hire a Fiduciary?**

The employer is already the fiduciary, not your record-keeper. Granite Group believes that hiring a discretionary fiduciary is a better option than a non-discretionary fiduciary 3(21).

So why is everyone up in arms about the new Fiduciary rule?

**What should I know about my investment process?**

Many sell a proprietary product. It is justified by showing you a Morningstar report or a fund fact sheet. In our minds, that doesn't cut it. Those documents are an opinion (often self-serving), but not a process adopted by the plan. Hiring a broker /advisor as a co-fiduciary does not provide enough protection; the employer ultimately still has to make the decision. What an employer needs to know is, do they have an investment process? Your fund line up should move beyond the basic reports towards an investment process.

The potential financial risks are great, and the owners/executives need to be actively involved; not only in the establishment, but on the execution of these decisions. The reason is simple: ERISA litigation has opened up to suits against smaller and mid-sized companies and plans, including the investment executives.



**Why is this important?**

The DOL has placed more burden upon the shoulders of the employer. What the employer needs is a defined, documented, proven process that is imbedded in the IPS. The recent legal decisions are not just about having the lowest fee share class available, but also about how the Employer arrived at the decision to place a mutual fund in the investment line up. The Employer needs to build a defined and defensible investment process.

**What can I do to protect myself?**

Seek out a professional consultant that can **prove** and **document** the investment process! A true professional should have no issue with being a Discretionary Fiduciary 3(38).

Hiring a discretionary fiduciary with a consistent process that can be applied to all fund selections would help reduce the Employer's exposure, meet the Tibble vs Edison criteria; and it leads the Employer on a path to meet their new guidelines of fiduciary responsibility.

**Hire a Discretionary Fiduciary!**

For Truth, Transparency and Safety call Ernie Rodolfo: at 203-210-7814.

*Next issue—How to make it simple for the Millennial!*

Additional information: If you would like specific information on operational and investment best practices, please contact [Granite Group Advisors](http://www.GraniteGroupAdvisors.com). Granite Group is record-keeper and mutual fund neutral.

Disclaimer: This brochure cannot be construed as tax, legal or investment advice. You should seek a qualified Erisa attorney for specific concerns on your plan.