



# 401(k) SOLUTIONS

BY RAYMOND JAMES

**Retirement plan support that saves  
you time so you can help your employees  
save for the future.**





## When it comes to helping your employees save for the future, time is everything.

At Raymond James, we focus on giving you the time you need to do what you do best, running a successful business and supporting your employees, by doing what we do best, providing full-service investment management. Through SHRM 401(k) Solutions by Raymond James, Raymond James can serve as a 3(38) investment manager, offering a comprehensive investment strategy exclusively designed for ERISA retirement plans and taking on some of the responsibility for meeting a plan's many fiduciary obligations<sup>1</sup>. Raymond James is responsible for the investment selection and ongoing monitoring, as well as replacement of investments when necessary.

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**Time is the scarcest resource, and unless it is managed, nothing else can be managed.**

PETER DRUCKER, *Management Consultant, Educator, Author*

## The benefits of working with a professional fiduciary

Under the Employee Retirement Income Security Act (ERISA), when you offer a qualified retirement plan to your employees, you become its fiduciary – taking on personal responsibility for selecting and monitoring plan investments and ensuring the plan remains in good standing. Even if you are extensively qualified and up to the task, this responsibility can still be daunting and time-consuming, taking you away from other critical facets of your plan. It also exposes you to considerable risk.

That's why it's good to know you have options when it comes to managing this responsibility, and to understand them.

### Your fiduciary options: Who spends the time and takes the responsibility?



#### Broker of Record (no fiduciary status<sup>2</sup>)

##### Liability

Plan sponsors assume sole liability for plan investments.

##### Investment selection and monitoring

Plan sponsors remain responsible for making updates to the plan's investment menu.

##### Fees for investment fiduciary services

While a broker of record may receive compensation from plan assets, this is not a fee for fiduciary services.



#### ERISA 3(38) Investment Manager Fiduciary

##### Liability

Raymond James accepts full responsibility<sup>1</sup> for the plan's investment selection and monitoring.

##### Investment selection and monitoring

Raymond James acts as a fiduciary, will select the investments initially and makes ongoing discretionary updates to the plan's investment menu.

##### Fees for investment fiduciary services

All investment fiduciary services are included. Please see the advisory contract for more information.

<sup>1</sup>As set forth in, and subject to, applicable agreements.

<sup>2</sup>Not available at Raymond James due to lack of transparency and inability to provide ongoing advice.

## The advantages of collective investment trusts (CITs) vs. mutual funds

In addition to having options for fiduciary support and protection, you also have options when it comes to the investments that make up your plan menu. CITs, which have been around for more than 75 years, are tax-exempt, pooled investment vehicles maintained by a bank or trust company exclusively for qualified plans, including 401(k)s. CITs combine assets from eligible investors into a single investment portfolio (or “fund”) with a specific investment strategy. By commingling, or pooling, assets, sponsors of CITs may take advantage of economies of scale to potentially lower overall expenses.

The sponsoring trustee provides an additional level of risk management, and today’s CITs offer more investment opportunities than in the past.

CITs are quickly becoming the vehicle of choice of defined contribution plan sponsors as the industry becomes more focused on reducing plan costs and enhancing performance. With investment expense generally being the most costly component of their plans, adopting lower expense investment options like CITs gives participants the opportunity for considerable savings.

### *Potential for lower fees*

CIT fees and expenses are generally lower than mutual fund fees. Because CITs are exempt from the registration and filing requirements of the Securities and Exchange Commission (SEC) and independent boards are not required, they generally have lower administrative costs. They are, however, subject to oversight by the Office of the Comptroller of the Currency, the Department of Labor and the IRS.

### *Use of investment managers and multiple managers for CITs*

Raymond James serves as the 3(38) investment manager and is responsible for selecting and monitoring investment sub-advisors used in the CITs. Using CITs also relieves the plan sponsor from the responsibility of hiring or removing investments and lessens the associated operational time and costs. For example, when a CIT sub-advisor is removed and replaced, the plan sponsor does not have to take the time or pay the expense of formal notification to plan participants.

### What are the similarities and differences between CITs and mutual funds?

	CITs	Mutual funds
REGULATED BY	Overseen by bank regulators and subject to ERISA/DOL regulation	Regulated by the SEC under the Investment Company Act of 1940, as amended. Subject to numerous restrictions and limitations.
FEES	Greater flexibility and no 12b-1 fees	Determined by share class and may pay 12b-1 fees
OFFERING DOCUMENTS	Declaration of trust	Prospectus
TRUSTEE OR DESIGNATED THIRD PARTY	Acts as an ERISA fiduciary for investment decisions	Not applicable because investment decisions are made by the board of directors
PARTICIPANT NOTICE REQUIREMENTS	Not required when adding or removing a sub-advisor	Required when the plan sponsor adds or removes a mutual fund from the plan
AVAILABLE TO	Retirement plans and not the general public	General public

## Raymond James can help protect you

By implementing an extensive list of investment fiduciary responsibilities, the Raymond James 3(38) Retirement Plan Solution can help protect you.

Fiduciary ownership		
Governance structure	Raymond James 3(38) Retirement Plan Solution	
Process   Responsibilities	Plan sponsor	Raymond James
<b>Step One   Understand</b>		
Objectives/plan design	✓	
Investment and governance structure <sup>3</sup>	✓	✓
Review overall fees	✓	✓
Investment policy review and development		✓
<b>Step Two   Analyze</b>		
Review qualified default investment alternative	✓	✓
Review asset classes		✓
Review investment vehicle selection		✓
Review investment menu structure		✓
<b>Step Three   Implement</b>		
Notification of investment changes	✓	✓
Execute/review CIT participation agreement		✓
Investment menu onboarded/confirmed		✓
<b>Step Four   Manage</b>		
Recordkeeper monitoring	✓	✓
Market overview		✓
Investment performance reporting		✓
Investment monitoring		✓
Investment options: add/remove/replace		✓

<sup>3</sup>Fiduciary who appoints the investment manager also has the responsibility to monitor its performance.

# Our investment menu

ASSET CLASSES<sup>4</sup>

LARGE-CAP GROWTH

LARGE-CAP VALUE

LARGE-CAP BLEND/INDEX

MID-CAP GROWTH

MID-CAP VALUE

MID-CAP BLEND/INDEX

SMALL-CAP GROWTH

SMALL-CAP VALUE

SMALL-CAP BLEND/INDEX

INTERNATIONAL GROWTH

INTERNATIONAL VALUE

INTERNATIONAL BLEND/INDEX

DIVERSIFIED EMERGING MARKETS

REAL ESTATE

COMMODITIES

INFLATION-PROTECTED BOND

INTERMEDIATE-TERM BOND

GLOBAL BOND

MULTISECTOR BOND

AGGREGATE BOND INDEX

CAPITAL PRESERVATION

BALANCED/ALLOCATION

TARGET DATE SERIES

PRUDENT PROCESS

## The Raymond James approach

Our due diligence methodology is guided by both our firm's extensive investment management expertise and our steadfast commitment to meeting the fiduciary standards laid out by ERISA.

ERISA fiduciary duties include:

- ▶ Loyalty
- ▶ Prudence
- ▶ Providing a diversified investment menu for plan participants
- ▶ Administering the plan in accordance with plan documents
- ▶ Paying reasonable expenses and avoiding conflicts of interest

In our role as your 3(38) partner, Raymond James has full discretion over your plan investments and accepts full responsibility<sup>5</sup> for the plan's investment selection and monitoring by implementing a prudent four-step process. In assembling and maintaining an investment menu, our responsibilities include:

- ▶ Prudent selection
- ▶ Appropriate diversification
- ▶ Consistent monitoring
- ▶ Replacement when necessary



<sup>4</sup>Asset classes are subject to change. Please see fund menu for current asset classes represented.

## PARTICIPANT BENEFITS

# The Raymond James advantage

By choosing the Raymond James 3(38) Retirement Plan Solution, you and your participants experience the following benefits:



### **PARTNERSHIP**

A reliable relationship between your trusted advisor, Raymond James and an approved recordkeeper



### **LIABILITY PROTECTION**

Full responsibility<sup>5</sup> accepted by Raymond James for the plan's investment selection and monitoring



### **DIVERSIFICATION**

Both passive and active investment choices are offered across a variety of styles and asset classes



### **THOUGHT LEADERSHIP**

Access to institutional investment managers and industry experts' best ideas



### **POTENTIAL COST SAVINGS**

The use of low-cost CITs when available and institutional share classes for all other investments



### **ACCESS**

Fiduciary products and services that are typically available only to the largest institutional plans



### **PRUDENT PROCESS**

A four-step investment process performed with a fiduciary level of prudent care



### **CUSTOMIZATION**

Participants can select from a menu of diversified investments and target date funds



### **DIGITAL PROVIDER MARKETPLACE**

We believe in 100% cost transparency and provide access to a complimentary cost comparison tool.



### **FIDUCIARY VAULT**

Through our client portal, we offer clients digital documentation of a fiduciary process



### **TIME WELL SAVED**

Increase productivity by utilizing Raymond James to conduct manager searches and due diligence, monitoring and replacing plan investments while you focus on what's most important – your employees

<sup>5</sup>As set forth in, and subject to, applicable agreements.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions. When evaluating whether a fund is appropriate for your investment goals, fund performance, fees and expenses are only a few of the criteria you should consider. You may also consider the investment objective, strategy and risks.

Asset allocation and diversification do not guarantee a profit nor protect against loss. Target maturity funds seek to maximize assets for retirement in the approximate year (target date) listed in the fund name. The fund will gradually shift its focus from more aggressive investments to more conservative ones as the target date approaches. Investment in a target maturity fund is not guaranteed at any time, including on or after the target date.

MyWayRetirement Target Date Funds are bank collective trust funds, which are available exclusively to qualified retirement plans. The funds are not FDIC insured or registered with the SEC. Fund investors and potential investors are strongly encouraged to review the funds' Declaration of Trust for additional information regarding the operation and investment objectives of the funds. CITs are subject to oversight by the Office of the Comptroller of the Currency, the Department of Labor and the IRS.

Raymond James is not affiliated with BlackRock or the selected recordkeeper.

SHRM 401(k) Solutions by Raymond James is a branding name for the agreement between SHRM and Raymond James where Raymond James offers SHRM audiences 401(k) retirement plan services. Raymond James is not affiliated with SHRM.

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### Receive a complimentary benchmarking report

See how your plan stacks up. Let us show you how we can help lower costs while improving your plan.

Visit our website for important information about Raymond James (ADV Part 2A) and how we work with SHRM (solicitor disclosure).

**CORPORATE ADVISORS GROUP**  
QUALIFIED PLAN SOLUTIONS

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