

Case Study

Consulting Service: Investment Due Diligence & Analysis

Background

A prominent healthcare provider with multiple locations nationwide recently converted to a new plan provider, and upon hiring 401(k) Advisors as its dedicated consultant, embarked on a comprehensive review of the Plan's existing investment line-up. With 50% of the assets in proprietary funds, no risk- or target-based asset allocation offering to speak of, and only one passive fund, it was time for the Client to carefully consider what changes were necessary to enhance opportunities for participants, while meeting their fiduciary obligation under ERISA.

Objectives

- Ensure appropriate asset class coverage
- Consider fund deletions, additions, or replacements for a best-in-class lineup
- Incorporate multiple fund families for greater diversity
- Offer asset allocation funds spanning the risk-reward spectrum
- Document the process to meet fiduciary responsibilities

Client Profile

Industry	Healthcare
Plan Type	401(k)
Assets	\$93 million
Participants	1,875

Strategy

Utilizing 401(k) Advisors proprietary *Scorecard*SM System, our evaluation screened 20,000 funds in 36 asset classes, incorporating more than 15 quantitative factors such as risk adjusted return characteristics, style, peer group rankings, as well as various qualitative factors such as manager tenures and strength of statistics. The Fiduciary Investment ReviewTM report revealed the recommended additions and deletions for the Committee and succinctly outlined the scoring methodology for a clearly defined fiduciary process.

Results

- Added five new asset classes and three index funds for a more focused and diversified menu
- Current offering now represented by 11 different fund families vs. the original 6
- Introduced Index-based target date to match the appropriate glidepath to the plan's demographics
- **Currently, all funds in the new lineup are scoring 9 or 10**, with notable strength for Information Ratio and Returns ranking

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