

## **Roles and Responsibilities of the BCPS 403(b) Plan Investment Committee**

### **Prudent Man Standard of Care**

The “Prudent Man Standard of Care” requires that committee members act with the care, prudence, skill, and diligence that a knowledgeable person would use in a similar situation. This means that the committee member must carry out his/her duties in accordance with good judgment and sound processes when handling the affairs of the plan. This may require the hiring of experts to aid in making decisions for the plan. When it is necessary to hire an individual for his/her particular expertise, it is imperative that a careful selection process be established and enforced. The performance of all persons retained must be continually monitored.

### **Loyalty**

Members must put their duty as an Investment Committee member ahead of your job responsibilities when you are making a decision as an Investment Committee member. They must act solely in the best interests of the plan and its participants and beneficiaries. This includes the duty to ensure that the expenses of the plan are reasonable based upon the services being provided to the plan.

### **Follow the BCPS 403(b) Plan Document**

The plan document is the contract between the plan sponsor and the plan participants and beneficiaries. It must be kept updated to comply with the Internal Revenue Code.

### **Avoid Parties-In-Interest Transactions**

Committee members must avoid causing the plan to engage in any transaction between the plan and a party-in-interest. Parties-in-interest include plan fiduciaries and service providers, certain company owners, officers, and directors, and certain relatives of individuals who are parties-in-interest. These types of transactions include the sale, exchange, or lease of any property between the plan and a party-in-interest; lending money or other extension of credit; furnishing goods, services, or facilities; or transferring or using plan assets for the benefit of any party-in-interest.

### **Diversify the Menu of Investment Options Offered Under the Plan**

The prudent man standard requires Investment Committee members to evaluate the investment options to be made available under the plan and to offer a diverse range of investment options to plan participants.

### **Monitor Investments and Service Providers and Develop Prudent Fiduciary Processes and Procedures**

Committee members are required to develop a formalized, written Investment Policy Statement defining criteria to be used in selecting, retaining, and terminating an investment option. Periodic evaluation of plan custodians, record keepers, administrators, advisors, etc., is necessary to ensure that they are performing prudently.