Fiduciary Governance Guide · Investment Oversight

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Investment Lineup Review Checklist

A quarterly and annual working checklist to run and document 401(k) investment lineup oversight.

Start here. Use the quarterly items at every committee meeting and the annual items once a year, recording each step as you complete it.

Plan Name: | **Date:** | **Completed by:**

Overview: What This Checklist Is Designed to Do

A 401(k) investment lineup is not reviewed on a single annual date. A prudent process runs on two rhythms: quarterly monitoring of the funds you already hold, and a deeper annual review of whether the criteria themselves still fit.

This checklist keeps the two apart, so your committee can run each on schedule and document it as you go:

> **Could we show, at any moment, that our investment lineup is being monitored on a consistent schedule and that each decision was recorded?**

You do not need a perfect process to start. The value is in running the same rhythm every quarter and year, and keeping the record. Most committees can complete the quarterly items in **one meeting**, with the annual items added once a year.

Quarterly Monitoring 01

> **Why this matters**
> Monitoring is the ongoing check that the funds you already hold still meet the criteria you set. Run these items every committee meeting. They are meant to be efficient when your investment policy statement and a current fund scorecard are in hand.

Complete each item and record the result.

Done	Item	Result / notes
☐	**Performance against criteria** Measure each fund against its IPS benchmark and peer group over the periods the policy specifies.	
☐	**Watch-list update** Add funds that fall short of criteria, remove funds that recovered, and record the reason for each.	
☐	**Default investment (QDIA)** Confirm the qualified default, usually a target-date series, is performing in line with expectations.	
☐	**Open flags** Note anything the recordkeeper or advisor has raised since the last meeting.	
☐	**Participant transfer rights** Confirm participants can still move among options at least quarterly (ERISA 404(c)).	
☐	**Document the meeting** Capture decisions and follow-up actions in the committee minutes.	

Annual Review

02

Why this matters
The annual review is the deeper pass. It builds on the quarterly monitoring rather than repeating it, and asks whether the criteria you monitor against are still the right ones. Many committees schedule it in the first quarter, when prior-year data is complete.

Complete once a year and record the result.

Done	Item	Result / notes
☐	**Reaffirm the IPS** Confirm the benchmarks, evaluation criteria, and watch-list rules still fit the plan. Update and document why if not.	
☐	**Evaluate the default in full** For a target-date series, weigh the glidepath, demographic fit, and peer comparison, not recent return alone.	
☐	**Benchmark fees** Compare investment and, where relevant, recordkeeping fees against comparable plans. This is the most litigated fiduciary duty.	
☐	**Confirm the menu fits** Check the lineup still matches the participants you actually have, in number and in investment sophistication.	
☐	**Review delegation** Review any 3(21), 3(38), or 3(16) arrangement and document your oversight of the delegate.	
☐	**Assemble the fiduciary file** Gather the year’s investment records, minutes, and reviews into the fiduciary file.	

03

Watch List

Why this matters

A watch list is the set of funds that no longer meet your policy criteria but that the committee has not yet decided to replace. What matters for a fiduciary is not that a fund landed on the list, but that each decision, to add, keep watching, or replace, is made against stated criteria and written down.

Record every fund currently on watch, when it was added, and the decision this period.

Fund	Date added	Reason on watch	Decision this quarter

Pressure-Test Your Process

04

Why this matters

These questions confirm whether your review process works in practice, not just on paper. They are the questions a Department of Labor examiner or a plaintiff's attorney effectively asks after the fact.

Could we show a consistent quarterly monitoring record for the past year?

☐ Yes ☐ No ☐ Not sure

Is every watch-list decision recorded with a reason tied to our stated criteria?

☐ Yes ☐ No ☐ Not sure

Did our most recent annual review reaffirm the IPS and benchmark fees?

☐ Yes ☐ No ☐ Not sure

What This Checklist Is Telling You

Taken together, the answers above point to whether your investment oversight is:

☐ **Clear and consistent**: Consistent and well documented

☐ **Functional but fragile**: Happening, but not reliably recorded

☐ **Unclear and exposed**: Slipping between meetings, or hard to prove

*Any of these outcomes **is** useful. The goal is a process you can run and prove, not perfection.*

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We work behind the scenes to support plans that value clarity, consistency, and confidence in how they are managed. If you'd like more information or a high-level review of how your retirement plan is governed today, click the link to schedule a brief review, or contact us (206)-625-1800.

Schedule a Brief Review

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