Plan Sponsor Resource

07

Discretionary Trustee
Due Diligence Checklist

Pre-hire evaluation framework covering fiduciary authority, scope, experience, compliance, and fees.

Prepared by First Hill Trust

How to use this checklist

- Mark Yes or No based on the provider's response or documentation.
- Record notes and follow-up questions for side-by-side comparison.
- Retain the completed checklist with committee minutes and fiduciary records.

What this checklist evaluates

- Fiduciary authority and ERISA role acceptance
- Scope of services, oversight model, and reporting
- Experience, process discipline, and risk controls
- Fees, conflicts, and documentation transparency

The most useful comparison is not the label alone. It is what authority the provider actually accepts in writing, and how oversight will work in practice.

01

Fiduciary Authority & ERISA Role

This section confirms the trustee's legal fiduciary status, scope of discretion, and ERISA responsibility.

Use the table below to document the committee's evaluation.

Review source
Contract, written representations, and interviews.

Review item	Yes	No	Notes / follow-up
The provider agrees to serve as a named fiduciary where applicable under ERISA	☐	☐	
The provider accepts discretionary authority over plan assets consistent with ERISA Section 403(a)	☐	☐	
Fiduciary responsibilities are clearly defined in the executed service agreement	☐	☐	
Responsibilities retained by the committee are explicitly identified in writing	☐	☐	
The scope of the trustee's authority is confirmed in writing and limited to the functions accepted	☐	☐	
The provider has confirmed it will not accept responsibility outside delegated scope	☐	☐	

02

Scope of Services & Oversight Model

This section evaluates what the trustee actually does and how oversight is carried out in practice.

Use the table below to document the committee's evaluation.

Review source
Service agreement, proposal, and operating overview.

Review item	Yes	No	Notes / follow-up
Investment, administrative, and fiduciary responsibilities are clearly described	☐	☐	
Decision-making authority and review processes are documented	☐	☐	

Monitoring, reporting, and escalation procedures are defined	☐	☐	
The committee's retained duty to select and monitor prudently under ERISA Section 404(a)(1)(B) is acknowledged	☐	☐	
Service limitations or exclusions are transparent and in writing	☐	☐	
Reporting format and frequency are defined and meet committee oversight needs	☐	☐	

Experience, Qualifications & Process Discipline

03

This section reviews the trustee's fiduciary experience, process framework, and operational maturity.

Use the table below to document the committee's evaluation.

Review source
Interviews, references, disclosures, and support documents.

Review item	Yes	No	Notes / follow-up
Demonstrated experience serving as a discretionary fiduciary under ERISA	☐	☐	
Documented decision-making framework and fiduciary process in place	☐	☐	
Qualified personnel and oversight structure dedicated to fiduciary functions	☐	☐	
References or comparable client experience are available upon request	☐	☐	
The firm's process for handling disputes, errors, or plan changes is defined	☐	☐	
No material regulatory actions or enforcement history in the past five years	☐	☐	

Risk Management, Compliance & Documentation

04

This section evaluates how the trustee manages fiduciary risk, compliance obligations, and audit readiness.

Use the table below to document the committee's evaluation.

Review source
Compliance policies, insurance certificates, and audit documentation.

Review item	Yes	No	Notes / follow-up
Formal compliance and fiduciary procedures are documented and maintained	☐	☐	
The provider is bonded as ERISA Section 412 requires, or qualifies for the exemption available to a supervised corporate trustee	☐	☐	
Adequate fiduciary liability coverage is in place and disclosed	☐	☐	
Decision documentation and reporting are audit-ready	☐	☐	
No material compliance issues or enforcement history disclosed	☐	☐	

Business continuity and succession planning for key fiduciary personnel is in place	☐	☐	
Cybersecurity and data protection practices are documented and consistent with the Department of Labor's cybersecurity guidance	☐	☐	

Fees, Conflicts & Transparency

05

This section confirms the trustee's compensation structure, conflict disclosures, and ERISA 408(b)(2) compliance.

Use the table below to document the committee's evaluation.

Review source
Fee disclosures, agreements, and conflict statements.

Review item	Yes	No	Notes / follow-up
All direct and indirect compensation is disclosed as required by 29 CFR 2550.408b-2(c), the ERISA Section 408(b)(2) service provider disclosure rule	☐	☐	
The disclosure has been or will be provided reasonably in advance of the date the contract or arrangement is entered into	☐	☐	
Compensation is no more than reasonable for the services provided, as ERISA Section 408(b)(2) requires	☐	☐	
All conflicts of interest are disclosed in writing and mitigated	☐	☐	
No undisclosed revenue-sharing or indirect compensation arrangements exist	☐	☐	
Termination, transition, and replacement provisions are clearly defined	☐	☐	

Committee Pre-Hire Determination

06

Use this section to capture the committee's preliminary conclusion after interviews, documentation review, and provider comparison.

☐ Trustee appears qualified for selection

☐ Additional clarification or negotiation is required

☐ Continue evaluating other candidates

☐ Do not proceed with this provider

Rationale for determination

Documentation reminder
- Summarize the review in committee minutes.
- Support the decision with a provider comparison.
- Retain the completed checklist with fiduciary records.

Follow-Up Actions

Capture any next steps needed before a final recommendation or appointment decision is made.

Action item	Responsible party	Target date

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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 structured today, click the link to schedule a brief review, or contact us (206)-625-1800.

Schedule a Brief Review

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