



Sample retirement committee charter

A fiduciary resource from John Hancock

This is a sample retirement committee charter intended for illustrative purposes only. A committee charter may have different provisions than those included in this sample document but must be carefully drafted to define the goals and objectives of the plan, the roles and responsibilities of the fiduciaries, and the policies and procedures for the management and administration of the plan.

ABC Corporation Retirement Committee Charter

PURPOSE

The ABC Retirement Committee (the Retirement Committee) is a committee established and delegated authority by the Board of Directors of ABC Corporation (the Board). The purpose of the Retirement Committee is to provide management and investment oversight of the qualified retirement plan sponsored by ABC Corporation (the Corporation), the ABC Corporation 401(k) plan (the plan).

In its role, the Retirement Committee shall:

- Serve as the “plan administrator” as that term is defined under the Employee Retirement Income Security Act of 1974 (ERISA), as amended;
- Administer the plan for the exclusive benefit of plan participants and beneficiaries;
- Act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use;
- Operate the plan according to the terms of the plan documents and in compliance with applicable laws and regulations;
- Ensure that only reasonable plan expenses are paid from the assets of the plan;
- Establish policies and procedures to ensure effective management and administration of the plan;
- Select and monitor the investments of the plan;
- Implement any settlor decisions (e.g., plan design changes) made by the Corporation or the Board; and
- Make recommendations to the Board with respect to the plan as necessary.

The Retirement Committee shall review the adequacy of this charter periodically and shall make recommendations for changes to the Board as the Retirement Committee deems appropriate. Amendments to this charter shall require Board approval.

MEMBERSHIP AND GOVERNANCE

The Retirement Committee shall consist of at least (insert number) members, all of whom shall be employees of the Corporation. The Board shall appoint a chairperson of the Retirement Committee (the chairperson). The chairperson is empowered, following consultation with the Board, to (i) increase or decrease the size of the Retirement Committee within the parameters set in this charter, (ii) appoint new members, (iii) remove members for any cause and at any time whatsoever, (iv) set, increase, or decrease the term of service of any member, (v) designate positions, which shall automatically be included in the membership of the Retirement Committee, within the Corporation, (vi) appoint a secretary to the Retirement Committee, and (vii) otherwise alter the composition or membership of the Retirement Committee or any subcommittee of the Retirement Committee as deemed necessary, advisable, or appropriate.

The Retirement Committee shall act by the majority vote of its members at which a quorum is present (in person or by telephone). The majority of the full membership of the Retirement Committee constitutes a quorum. Action may also be taken by unanimous written consent. The Retirement Committee shall have the authority to establish such other procedures that it deems necessary, advisable, or appropriate to fulfill its responsibilities under this charter, including but not limited to how official action shall be taken and how it shall be evidenced, how meetings shall be conducted or held, and what type of records of its actions and proceedings shall be maintained.

The Retirement Committee shall have the resources and authority appropriate to discharge its rights and responsibilities under this charter and the plan documents, including the authority to consult legal counsel. The Retirement Committee shall also have the authority to assign and/or delegate matters within its responsibilities and duties to Corporation employees, or other third parties, subject to limitations imposed by law or by the plan.

An agenda and minutes of each Committee meeting should be preserved to record the Committee actions.

KEY RESPONSIBILITIES AND ACTIVITIES

A. Selection and oversight of service providers

The Retirement Committee shall appoint, remove, and replace service providers such as directed trustees, recordkeepers, and third-party investment advisors. The Retirement Committee shall use appropriate due diligence when selecting and overseeing service providers. Considerations in the selection of service may include:

1. past experience with qualified retirement plans of similar size and complexity;
2. infrastructure (e.g., technology, capacity, or compliance standards);
3. fees; and
4. breadth of services.

The Retirement Committee shall perform a review of each service provider's services and fees on a periodic basis but at least every (insert number) years.

KEY RESPONSIBILITIES AND ACTIVITIES

B. Investment duties

1. The Retirement Committee shall oversee the creation and maintenance of an investment policy statement (IPS) for the plan.
2. The Retirement Committee, in accordance with the IPS, shall evaluate investment performance and investment fees at least (insert frequency) and more frequently if circumstances warrant.
3. The Retirement Committee, in accordance with the IPS, shall select, remove, and replace investment options under the plan, including any default investment options.
4. The Retirement Committee may delegate investment responsibility and rely on the expertise of a third-party investment advisor as appropriate and to the extent permissible under ERISA. Such advisor must serve in either a 3(21) or 3(38) fiduciary capacity.

C. Administrative duties

1. The Retirement Committee shall recommend to the Board amendments to the plan as required to maintain the plan's compliance with applicable laws and regulations.
2. The Retirement Committee shall review and approve the terms of any agreement pertaining to the plan, including but not limited to trust agreements, investment management agreements, and service agreements.
3. The Retirement Committee shall oversee the performance of any and all duties required of the plan administrator, including but not limited to (1) determining the eligibility of employees to become participants in the plan, (2) reviewing and deciding all claims for benefits pursuant to plan documents and applicable law, (3) preparing and filing external reports with governmental agencies as required by law, (4) authorizing the payment of benefits, (5) providing plan participants with all required disclosures as set forth by the IRS or DOL, (6) ensuring the timeliness and consistency of all 401(k) contribution deposits, and (7) developing participant communication strategies designed to (a) help improve the financial wellness of participants, (b) enhance the participants' financial literacy, and (c) increase the participants' 401(k) awareness.
4. The Retirement Committee may delegate or designate such Corporation employees or third-party service providers as it deems necessary for the day-to-day operation of the plan.
5. The Retirement Committee shall monitor and benchmark plan expenses on a periodic basis but at least every (insert number) years.
6. The Retirement Committee shall obtain and review all service provider disclosures (408(b)(2) disclosures) for adequacy.
7. The Retirement Committee shall review all plan proxy voting policies and procedures.
8. The Retirement Committee shall report to the Board on an as needed basis to facilitate Board fulfillment of its oversight responsibilities.



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