

Fiduciary Responsibilities and Plan Governance Best Practices

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As a 401(k) plan sponsor, your fiduciary responsibilities go beyond compliance—they are about safeguarding your employees' retirement future. Strong governance practices help reduce risk, ensure regulatory compliance, and build trust with participants. While many day-to-day administrative tasks are handled by service providers, plan sponsors and retirement plan committee members retain fiduciary responsibility for overseeing the plan and ensuring it is operated in the best interest of participants.

Fiduciary responsibilities generally include:

- Acting prudently and solely in the interest of plan participants and beneficiaries
- Following the terms of the plan document
- Monitoring investment options and service providers regularly
- Ensuring plan fees and expenses remain reasonable

Effective governance starts with forming a dedicated committee that meets regularly to review these responsibilities and plan operations. Every decision and discussion should be documented thoroughly, as meeting minutes serve as critical evidence of fiduciary oversight. Annual benchmarking of fees and investment performance helps ensure the plan remains competitive and cost-effective. In today's environment, reviewing cybersecurity measures is essential to protect participant data. Finally, providing ongoing education and clear communication empowers participants to make informed decisions about their retirement savings.

We encourage plan sponsors to periodically review their governance structure, confirm fiduciary roles are clearly assigned, and ensure committee practices align with current requirements. Taking a proactive approach can help reduce risk and support the long-term success of the plan.

If you have questions about fiduciary responsibilities or governance best practices, please feel free to reach out. We're always happy to help.

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