



# Your Investment Policy Statement (IPS): The Foundation of Fiduciary Discipline

*A well-defined IPS helps you make consistent, defensible investment decisions.*

## **What Is an IPS?**

An Investment Policy Statement is a formal document that outlines how your 401(k) investments are selected, monitored, and managed.

## **Why It Matters**

- Establishes a consistent decision-making framework
- Helps demonstrate fiduciary prudence
- Reduces emotional or reactive decisions
- Provides clear documentation for audits or litigation

## **Plan Objectives**

- Define retirement goals for participants
- Establish risk tolerance and time horizon
- Align investments with plan purpose

## **Roles & Responsibilities**

- Plan Sponsor: Oversight and fiduciary responsibility
- Investment Committee: Decision-making body
- Advisor: Guidance and recommendations

## ***Investment Selection Criteria***

- Performance relative to benchmark
- Expense ratios and cost structure
- Manager tenure and investment style
- Risk characteristics

## ***Monitoring Process***

- Quarterly or semi-annual reviews
- Watchlist criteria for underperformance
- Documentation of decisions

## ***Replacement Guidelines***

- Persistent underperformance
- Significant management changes
- Fee concerns or better alternatives

## **Best Practices**

- Review IPS annually
- Follow it consistently
- Update as plan needs evolve

# **Ready to See Your Plan from a New Perspective?**

*An IPS is not just a document – it's your roadmap for prudent investment oversight.*