Qualified Default Investment Alternative

CecilCo
Managed Solutions

The "Do it For Me" Investment Fiduciary Safe Harbor

Overview- Employers and Fiduciaries

Employers, as plan sponsors, are relieved of associated fiduciary liability when providing a Qualified Default Investment Alternative (QDIA) provide they are in compliance with regulations. Plan sponsors are also relieved of the burden, time loss and stress of trying to educate workers to become sophisticated investors.

***"A fiduciary of a plan that complies with this final (QDIA) regulation will not be liable for any loss, or by reason of any breach, that occurs as a result of such investments"…………*Department of Labor**

Overview- Participant Benefits

The QDIA represents the recognition that it is unrealistic to expect millions of workers to become adept at the management of their retirement investment. It is an official sanction of the wisdom of providing an alternative to teaching investing skills to the nation's workers.

QDIA permits participants to opt out of the investment process, with the assurance that qualified professionals are acting on their behalf. Moreover, opting out of the investment management process is made very simple for the worker…do nothing!

Conditions for Fiduciary Relief

In addition to meeting the QDIA investment regulations, employers must satisfy the following requirements:

- Participants and beneficiaries must have failed to provide investment direction after being given an opportunity to provide such direction.
- Participants and beneficiaries must be furnished a notice at least 30 days prior to plan eligibility or at least 30 days in advance of the initial QDIA investment. Alternatively, notice may be given at any time on or before the date of plan eligibility if the participant has the opportunity to withdraw from automatic enrollment.
- Notices must be provided at least 30 days prior to the beginning of each plan year and must be in a separate document containing pertinent investment information.
- Participants and beneficiaries must have the opportunity to direct investments away from a QDIA investment with the same frequency available for other plan investments, but no less frequently than once within any three-month period, and without additional financial penalty.
- The 401(k) plan must offer a broad range of investment alternatives as provided under Section 401(c) of ERISA, as amended.