



PWMG 401(k) ADVISORS

## FIDUCIARY EDUCATION

# Stronger Lineup, Smarter Outcomes: Your 401(k) Investment Review Playbook

8 essential steps for your next investment review

Your investment menu might look good on paper, but is it still aligned with participant needs?

A thorough investment review can help you evaluate whether your lineup meets your employees' goals, matches their risk comfort, supports their retirement timelines, and fulfills your fiduciary responsibilities.

### 1. Start with your investment framework

- Do you have an Investment Policy Statement (IPS)? If not, we can help you build one. It sets ground rules for investment decisions and offers protection for fiduciaries.
- If you do have one, do you follow it? **Documenting your review process and decisions is just as important as the choices made.**

### 2. Review the investment menu structure

- Does your plan offer a mix of stock, bond, and specialty funds to suit different risk levels?
- Are any funds duplicative, adding complexity without value?
- Are there gaps that limit participant diversification?

**The goal is to offer meaningful variety without overwhelming participants.**

### 3. Use consistent criteria to evaluate individual funds

Each fund should be assessed using the same lens:

- long-term performance vs. a relevant benchmark (e.g., S&P 500 for U.S. large-cap)
- fees and expenses
- portfolio manager
- whether the fund sticks to its stated strategy

**Inconsistency could mean it's time to reevaluate or replace the fund.**

### 4. Know what each fund is and the role it plays

Funds are grouped by what they invest in, like U.S. stocks or global bonds. A style box classifies funds by size (large/mid/small) and strategy (e.g., growth/value).

During your review:

- Make sure each fund serves a unique purpose.
- Watch for style drift (when a fund strays from its category).
- Limit unnecessary overlap.

**This helps keep the lineup balanced and makes it easier for participants to understand.**

## 5. Evaluate the QDIA (Qualified Default Investment Alternative)

Most plans use target-date funds (TDFs) as the default for participants who prefer not to choose their own investments.

Ask:

- Does the QDIA match your workforce's demographics and timelines?
- Are the fees still competitive?
- Does it meet DOL QDIA rules?

**The QDIA captures a large portion of participant assets; it deserves close attention.**

## 6. Take a closer look at your target date funds

TDFs vary widely. Review:

- The glide path: how allocations shift over time
- The fund structure: mutual funds or collective investment trusts (CITs)?
- The retirement income strategy: does it support participants after retirement?

**Target date funds should be evaluated as thoroughly as any other option.**



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## 7. Consider managed accounts

Managed accounts personalize a participant's portfolio based on:

- age
- salary
- risk tolerance
- retirement timeline

**Managed accounts are useful for participants who want a tailored approach beyond a target date fund.**

## 8. Plan for retirement income

Saving is just step one. Does your plan help participants turn savings into lasting income?

Look for:

- income tools or projections
- TDFs with income features
- guaranteed income products
- drawdown support and education

**Retirement income readiness is a key benchmark for forward-thinking plans.**

**Work with our team to review your investment lineup and determine if it still supports your participants' long-term retirement goals.**