

Advice fiduciary checklist

Plan fiduciaries must engage in an objective process to assess the advice provider's qualifications, quality of service, and fees. To help fiduciaries with this process, Vanguard has developed the READ (research, evaluate, ask, determine) framework. Using the READ framework, this checklist offers sample questions for self-assessment tied to the Department of Labor's guidance for fiduciaries,^{*} along with additional items for consideration when selecting and monitoring an advice provider.

Research

1. Based on participant needs and demographics and the committee's philosophy and goals, are managed accounts right for our plan?
2. Does the plan document allow for managed accounts?
3. What are our investment advisor options?
4. What are the investment advisor's qualifications and experience, including their reputation in the industry?
5. Does the investment advisor comply with applicable state and federal laws, and have they obtained all required registrations?
6. How long has the investment advisor been providing services?
7. What services are included in the advice offer?
8. Does the investment advisor assume fiduciary status and responsibility under ERISA and/or federal or state securities laws?
9. What methodology is the basis for the investment advisor's advice?
10. What data is driving the investment recommendations?

11. Are the fees reasonable for the services provided?
 - Have we been provided with a fee schedule?
 - What are the fees, both direct and indirect?
 - Are subadvisors involved?
 - If subadvisors are involved, what is their role, what fees will they receive, and how will those fees be paid (and by whom)?

Evaluate

1. Is the investment advisor's methodology consistent with prudent investment practices?
2. Are the investment advisor's fees reasonable based on the services provided?
3. Are the advice fees solely for the provision of advice (that is, they are not subsidizing recordkeeping or other services)?
4. Are there any conflicts of interests or potential conflicts of interest?

Ask

1. Is any additional information needed to make an informed, reasonable decision?
2. Do we need the help of experts?

^{*} DOL Field Assistance Bulletin (FAB) 2007-01.

Determine

1. Have we made a reasonable determination based on our research, evaluation, and any additional information received from experts?
2. Have we documented the decision, the decision-making process, and any information relied upon in choosing the investment advisor?
3. Have we revisited the decision on a regular basis, and have we continued to monitor our investment advisor?
 - Have we set a cadence for reviewing the advice provider (for example, annually)?
 - Have there been any material changes in the information that served as the basis for the initial selection of the investment advisor?
 - Has the investment advisor complied with our contract?
 - Has the investment advisor made any changes to the methodology upon which they base their advice?
 - Have we received and reviewed any participant feedback and acted upon the feedback where appropriate?
 - Have we developed objectives and measures for success and completed analyses to determine whether these objectives and measures have been met?
 - Do the fees continue to be appropriate and competitive in relation to participant use and the services provided?
 - Is the investment advisor committed to ongoing improvement and innovation?
 - Have we documented the results of our monitoring process?

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