

How to add value for defined contribution clients

Vanguard Institutional Advisor's Alpha™ framework

Fiduciary considerations

- Ensure that your approach is grounded in the applicable fiduciary duties and fiduciary best practices for your clients.
- Develop deep case law and legal precedent knowledge to proactively ensure operational compliance and guard against enforcement action and litigation.
- Monitor the evolving fiduciary landscape to anticipate the direction of judiciary rulings and regulation as well as the subsequent enforcement actions and litigation in order to build fiduciary safeguards.
- Conduct thorough and ongoing training to educate clients on relevant fiduciary considerations, including the key differences between the 3(21) and 3(38) fiduciary services.

Investment policy statement

- Build a solid relationship with your client when partnering to create a comprehensive and durable investment policy statement (IPS) that addresses portfolio objective, asset allocation policy, risk management principles, and governance procedures.
- Leverage your relationship with your client and your ability as a behavioral coach to help your client adhere to the IPS over the long term. Opportunities for this include making manager hire/fire decisions, promoting positive investment committee behaviors, rebalancing, and benchmarking the portfolio.
- Monitor the IPS on an ongoing basis to ensure its alignment with the client's circumstances. This involves establishing and maintaining a process for reviewing and updating the IPS when material inputs to the IPS change, clearly documenting the rationale for any changes.

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Plan design and monitoring

- Apply the tiered method to construct an appropriate investment lineup that will help achieve the primary goal of the plan sponsor as well as that of the plan participants.
- Develop a deep understanding of participant behavior. Leverage this understanding when implementing intelligent choice architecture to drive participant wealth creation.
- Employ an informed monitoring strategy for measuring participant wealth creation and evaluating plan effectiveness.
- Evaluate and help implement a high-quality financial wellness program to address multiple challenges faced by end investors.

Note: All investing is subject to risk, including the possible loss of the money you invest

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AADCCKLT_022022