

# 3(16) and 3(38) Fiduciary Services

Betterment’s 3(16) and 3(38) fiduciary services mean less work and liability risk for you.

By sponsoring a 401(k) plan, you take on two sets of fiduciary responsibilities: overall responsibility for the plan, including selecting and monitoring plan investments; and fiduciary obligations relating to the plan’s operation.

While you can never fully transfer or eliminate all fiduciary responsibility, you can delegate certain functions to outside experts to reduce your liability in two key areas: investments and administration. At no extra cost, Betterment acts as a fiduciary in both areas.

### 3(16) Administrative Fiduciary

Betterment acts as a 3(16) fiduciary in performing a wide array of administrative services including:

- Drafting of plan documents and amendments
- Preparation of all government filings such as the Form 5500
- Provision of required plan notices and disclosures
- Determination of rollover contribution eligibility

For plans with payroll integration:

- Calculation of employee eligibility
- Processing of contribution calculations

### 3(38) Investment Fiduciary

Betterment acts as a 3(38) investment manager with full discretion,\* including:

- Selection and ongoing monitoring of funds
- Replacement of funds as warranted
- Establishment of plan’s Investment Policy Statement
- Selection of appropriate default investment strategy
- Discretionary management of participant accounts

As always, Betterment provides full consultative support to you as plan sponsor and personalized guidance to your employees across all their financial goals.

*\*ERISA defines another (lower) level of investment fiduciary, a 3(21) investment advisor, which has non-discretionary authority and can only make recommendations that must then be approved by the plan sponsor.*