



Reduce your Fiduciary Risk Most plan sponsors look to investment professionals to provide fiduciary oversight to select, monitor and replace the investment options in their retirement plan. SVA Plumb Wealth Management can act as a directed fiduciary defined under ERISA Section 3(21) or discretionary fiduciary defined in ERISA Section 3(38).

3(38) DISCRETIONARY FIDUCIARY

SVA Plumb Wealth Management acts as a fiduciary under section 3(38) when we are provided full discretion over the plan assets. Under this arrangement, we select and implement the investment options and models on the plan sponsor's behalf. Designating SVA Plumb Wealth Management as a 3(38) fiduciary allows the plan sponsor to better manage and reduce their fiduciary risk.

3(21) DIRECTED FIDUCIARY

In this roll, we recommend the appropriate investment options and investment models to the plan sponsor. However, the plan sponsor ultimately approves or disapproves our recommendations.

Under both 3(21) and 3(38), SVA Plumb Wealth Management accepts fiduciary responsibility and adheres to the duty to serve solely in the interest of plan participants. In both roles we have to meet the "prudent man" standard of care under ERISA §404(a).

It is important to know a plan sponsor cannot completely eliminate its fiduciary liability. The plan sponsor is still responsible for the prudent selection of the 3(38) investment manager and must monitor and benchmark that 3(38) investment manager. If the plan sponsor overrides the decisions of the 3(38) advisor, the plan sponsor assumes additional liability.

OUR INVESTMENT PROCESS

SELECTING YOUR INVESTMENTS

Diversification

SVA Plumb Wealth Management's approach to investment management emphasizes global diversification to manage risk. Diversification includes geographic concentration, investment style and capitalization of underlying investments, as well as the maturity credit quality and geographic exposure of income funds.

Investment Committee

SVA Plumb Wealth Management has an Investment Committee which meets monthly and a Research Sub-committee which meets weekly. The Research Sub-committee consists of CFAs as well as dedicated support members with MBAs and relevant investment experience.

Investment Models

Models are created by looking at diversification and how the individual components of the model complement the overall model's objective.

Five Qualitative Tools

SVA Plumb Wealth Management uses five different qualitative tools to research investment options which include Morningstar, MPI Stylus, Klein Decisions, Bloomberg and Fasttrack. We also monitor various academic and industry publications to identify trends and new products.

Investment Management Index

SVA Plumb Wealth Management has developed an Investment Management Index which has the goal of developing a weighted score for every fund and helps narrow the universe of funds to review more closely.

Our Investment Committee actively seeks both conventional and unconventional investment vehicles to better help the models meet their investment objectives.

ONGOING MONITORING

The committee reviews quantitative data monthly and discusses ways to improve the models. Review of asset allocation, consistency vs. peers, changes in investment process or advisory teams, tax efficiency and relative performance are a standard part of our process.

Overall model performance is analyzed quarterly compared to the relevant Morningstar style boxes for performance, volatility and divergence.

CHANGES TO PORTFOLIOS

We periodically update models to reflect the best judgment of the Investment Committee. Such changes often mean replacing a good fund and fund manager for a fund that will better complement the overall model.