

Contrasting the Retirement Plan Vendor Roles

Understanding the Difference Between ERISA 3(21), 3(38), and 3(16) Vendors



**3(21)
INVESTMENT ADVISOR**

**3(38)
INVESTMENT MANAGER**

**3(16)
PLAN ADMINISTRATOR**

1. Focused only on **Investment** discipline
2. Expertise and sole purpose is to provide **investment advice** regarding the plan
3. As **non-discretionary** advisor, only **recommends** action to the plan sponsor and **provides investment reports**
4. Delivers advice in compliance with the **Investment Policy Statement**
5. Investment **decisions affecting participants** still ultimately reside with the plan sponsor
6. 3(21) Investment Advisor accepts supplemental **fiduciary responsibility** while plan sponsor still **retains ALL responsibility**

1. Focused only on the **Investment** discipline
2. Appointed by plan sponsor or independent 3(16) Plan Administrator to **manage the plan's investment decisions**
3. Maintains **discretionary authority** with regard to **investment decision making**
4. Makes decisions in compliance with the **Investment Policy Statement**
5. Can implement **modeled allocation portfolios** to serve as QDIA options **for participants**
6. Plan sponsor retains responsibility for all other ERISA duties of **Governance, Administration, and Controls**

1. Focused on **Governance, Administration, and Controls** disciplines
2. Appointed by board to serve as ERISA 402(a) **Named Fiduciary** and 3(16) **Independent Plan Administrator**
3. Executes **discretion** over policies and procedures for the **fiduciary supply chain**
4. Safeguards operations for alignment with **ERISA** and **fiduciary best practices**
5. Oversees investment fiduciaries to ensure **participants' best interests** are served
6. Independent 3(16) accepts **fiduciary duty, unburdening the plan sponsor** from fiduciary risk and workflow testing