

## CASE STUDY: Professional Services Firm

### Background:

MV Financial was introduced to a Washington, DC-based professional services firm with 30 professionals, an additional 25 support staff and total plan assets of \$8,000,000. The firm's plan was set up many years ago using a large national provider's basic start-up plan platform, and didn't change as the size of the firm and plan grew. The plan matching formula didn't allow the primary partners to maximize their contribution due to limited plan design capabilities.

### Issues Identified:

We uncovered the following deficiencies and concerns during the benchmark and subsequent review with the plan's administrators/sponsors:

- Lack of Fiduciary Protection
  - The administrator/sponsor was responsible for investment selection and therefore personally liable for plan performance.
  - The plan's use of high-fee proprietary funds raised potential conflicts of interest.
- Lack of Education
  - Employees had access to vast resources through the employee website but no individualized education.
- Plan design did not allow for partners to maximize contributions.

### MVF Solution:

Based on the benchmark results, MVF offered the following recommendations:

- Delegate fiduciary responsibility to MVF as a 3(38) Fiduciary Investment Manager.
- Change the plan's platform to an open architecture platform, moving away from proprietary funds.
- Modify plan design from simple match to a new comparability profit sharing formula, enabling partners to maximize their contribution while making a minimal contribution to the employees.
- Provide risk-based actively managed portfolios utilizing a combination of exchange traded funds (ETFs) and institutionally priced mutual funds.
- Make MVF responsible for individualized employee education and support through on-site meetings, webinars, and phone calls.

### **Conclusion:**

The firm chose MV Financial because of our knowledge of alternative plan designs. As a result of our changes to the plan, the firm's managing partners were able to begin maximizing their contributions. In addition, MVF's actively managed risk based portfolios have performed well against their respective benchmarks. MVF also reduced sponsor's fiduciary liability by serving as a 3(38) Fiduciary Investment Manager. Finally, employees have shown a positive response to the investment education sessions and one-on-one meetings that MVF provides.