

## **QUALIFIED DEFAULT INVESTMENT ALTERNATIVES (QDIA)**

When a participant who is contributing to the Plan, either by default through automatic election or otherwise, fails to make an investment election, it is often up to the Plan Sponsor to take the decision by selecting a default election for the Plan. In the past that default election was often stable value or money market type funds. But, due to recent regulations such funds no longer qualify for automatic fiduciary relief if chosen.

Interestingly enough, the ruling from the Department of Labor says that Plan Sponsors qualify for relief by prudently selecting a QDIA. This suggests that there is no requirement to select the most prudent type of QDIA, rather the DOL will accept whatever a Sponsor selects as long as the selection process was performed prudently. So, from a fiduciary point of view, as long as there is integrity of process Sponsors are safe whatever they chose.

We at **EPIC Retirement Consulting Services** believe that the correct choice for QDIA is a low-cost traditional balanced account. Having said that, it should be noted that there is a great deal of support to name the Plan's target date funds as the default. Further, the specific Plan Provider may enforce their suggestions and restrict available choice.

So, for the time being, it is process that will protect a Plan Sponsor, who simply need to ensure they take the time to make the selection through a prudent process and document their decision.