

The Compliant Foundation

Why the hardest work in retirement plan consulting is also the most important

Deferred Maintenance Is Rarely a Crisis, Until It Is

Every public entity understands deferred maintenance. The roof that keeps the rain out, mostly. The HVAC system that is a decade past its service life. The bridge that passes inspection every year until the year it doesn't.

Deferred maintenance is rarely a crisis, right up until it is. And it almost never accumulates through negligence. It accumulates because the people responsible are busy keeping everything else running, because the problems aren't visible from the street, and because no single failure ever feels urgent enough to command attention on its own.

A DIFFERENT KIND OF DEFERRED MAINTENANCE

Retirement plans accumulate deferred maintenance, too. It just doesn't show up in the building.

A plan can process contributions, pay benefits, and appear to function for years while quietly operating out of step with its own plan document, spread across recordkeepers that were never meant to coexist, and governed by no one in particular. Nothing breaks. The statements go out. Participants retire. Then an auditor asks a question, a participant raises a concern, or a regulator sends a letter, and years of unresolved issues suddenly come into focus.

This guide is about the work of finding that drift and correcting it. It's the most important work we do, and it's the work that much of our industry would rather not touch.

What “Compliant” Means and Why It Comes First

Our Plan Forward framework describes four stages in the life of a well-run plan: Compliant → Competitive → Engaged → Optimized. Most of the conversation in our industry happens in the upper three. Is the fund lineup competitive? Are participants engaged? Is the plan optimized for outcomes? Those are good questions. They're also the questions everyone is asking because they're pleasant to ask.

COMPLIANT	COMPETITIVE	ENGAGED	OPTIMIZED
Foundation	Structure	Experience	Outcomes

All of those goals assume the plan's foundation is sound.

THAT’S WHAT COMPLIANT MEANS

The plan operates according to its governing documents, uses infrastructure that can support its complexity, and follows a governance process capable of identifying issues before they become problems.

Here is the uncomfortable truth we find in the field: a meaningful share of plans have never reached Compliant. They've simply never been forced to. They look fine from the street. Fees and investments deserve attention. But they're often easier to evaluate than the operational and governance issues that create the greatest long-term risk for many plans.

The real exposure in most troubled plans lives a layer beneath, in the operational machinery no one has looked at in years. That layer is where we work.

The Three Legs of a Compliant Plan

A compliant plan rests on three foundations. Weaken any one leg and the plan tips.

CLEAR GOVERNING DOCUMENTS	EFFICIENT PROVIDER STRUCTURE	EFFECTIVE FIDUCIARY OVERSIGHT
Plan terms, operations, and provider documents align into one coherent and defensible structure.	Provider relationships are streamlined so the plan can use its scale, reduce fragmentation, and improve participant experience.	Roles, responsibilities, policies, and decision-making processes are documented and repeatable.

The work of reaching Compliant is the work of restoring the leg, or legs, that have gone missing.

Leg One: The Documents That Govern the Plan

The condition. Sometimes the plan document says one thing and the plan does another. Eligibility may be calculated on the wrong terms, a definition of compensation may not match the payroll system setup, contributions may be deposited late, or a provision may be followed that was never adopted. Other times, the problem is the documents themselves: over years of adding vendors, the plan quietly grows a separate governing document for each one, each carrying slightly different rules until what appears to be one plan is actually operating as several. Each gap is small. Together, over time, they become a correction project.

Why it persists. Payroll systems and vendor defaults drift from document terms quietly, administrators turn over, and each new provider gets bolted on with its own paperwork rather than folded into a single structure. The failures don't announce themselves. They surface in an audit, a plan termination, or a participant dispute, usually at the worst possible moment.

What fixing it involves. We reconcile what the plan actually does with what its documents require, identify every inconsistency, and either correct the operation or, where documents have multiplied and diverged, consolidate and restate them into a single governing document under a single committee's authority. The solution may involve operational corrections, document updates, or formal regulatory filings, depending on the issue.

FROM EXPOSURE TO DEFENSIBILITY

Either way, the plan ends up coherent and defensible, not just quiet.

CASE STUDY | CONSOLIDATING THE PLAN DOCUMENT

Over years of adding vendors, a California city created a separate retirement plan document for each provider, every vendor governed by its own document with subtly different operating rules. What looked like one plan with several vendors was in fact several plans, inconsistent, difficult to administer, and impossible to govern coherently. Multnomah Group worked with the client to consolidate and restate the documents into a single governing plan

document, with every vendor operating under one set of rules and one employer retirement plan committee. The city moved from a tangle of overlapping plans to one defensible structure it could actually oversee.

Leg Two: Consolidating Fragmented Recordkeeping

The condition. The plan runs across two, three, or more recordkeepers, a structure common in higher education and the public sector, where legacy vendor relationships accumulate over decades, and no one ever consolidates. Assets are split. Pricing is fragmented. Oversight is multiplied. Participants get an inconsistent experience, and the plan surrenders the single greatest source of leverage it has: its own scale.

Why it persists. Multiple providers feel like a choice, and unwinding them feels disruptive. Each vendor relationship has its own history and its own internal champion. The status quo is nobody's fault, and so the plan keeps paying a fragmentation premium year after year.

What fixing it involves. We map the full provider landscape, quantify the cost of fragmentation, run a competitive process, and manage the consolidation to a single provider, capturing the economies of scale that the plan was already large enough to command. Because we're fee-only, employee-owned, and hold no proprietary products, the provider that wins is the one that's right for the plan, not the one that's right for us.

**FRAGMENTED
AND EXPENSIVE**



**UNIFIED
AND LEVERAGED**

CASE STUDY | CONSOLIDATING TO A SINGLE PROVIDER

A public employer offered its 457(b) plan through three separate recordkeepers and its 401(a) through a fourth, fragmenting assets, multiplying fees, and handing new employees a confusing, inconsistent enrollment experience. Multnomah Group built a procurement-compliant RFP, scored responses, coordinated finalist interviews, and consolidated the plans to a single provider. Recordkeeping costs fell from over \$140,000 to under \$60,000 a year, and a sprawling menu of 40-plus overlapping funds was rebuilt into a single menu with 18 diversified, lower-cost choices, with every participant paying the same transparent fee regardless of how they invest. The plan's scale, finally leveraged.†

Leg Three: Building a Fiduciary Framework Where None Exists

The condition. No committee. No charter. No investment policy statement. No documented process for the decisions the plan makes every year. The plan has been run on individual habit and institutional memory, which works right up until the person holding that memory leaves, or until someone asks: How did we choose these investments? Who, exactly, is accountable for the plan's decisions?

Why it persists. This is most common in public sector settings, where plans have often operated for years with no formal oversight and no external discipline (such as an annual audit), forcing the issue. Absent the pressure that keeps other plan types honest, "the way we've always done it" hardens into the entire governance model.

What fixing it involves. We create the structure: a committee with a charter and defined roles, an investment policy statement, a documented decision-making cadence, and a fiduciary process that the plan can actually run and defend.

Governance isn't just documentation. It's the process that helps keep the plan on track year after year. From ad hoc and undocumented to structured and accountable.

CASE STUDY | BUILDING THE COMMITTEE

An organization running multiple providers with no compliance oversight had never had anyone formally accountable for its plan. Multnomah Group started with the board, educating members on the fiduciary role they held, whether they'd claimed it or not, then developed and trained a new retirement committee built to fit the employer's culture rather than a generic template. That committee went to work: opening fee renegotiations with the incumbent provider and building the fiduciary framework it would use to manage the plan and evaluate providers going forward. Oversight went from nonexistent to operating.

Why the Public Sector Sits at the Center of This

Every plan can drift. But public sector plans are especially prone to it, and the reason is structural.

LONG-STANDING VENDOR RELATIONSHIPS

Legacy arrangements can accumulate over decades.

CHANGES IN LEADERSHIP

Institutional memory can leave with individuals.

RESOURCE CONSTRAINTS

Immediate demands can crowd out foundational work.

EVOLVING ADMINISTRATION

Structures can change without a full operational reset.

Corporate plans operate under a regime that forces attention. Annual audits, filings, and the ever-present prospect of IRS/DOL scrutiny keep operational discipline near the surface. Public-sector plans often face unique challenges: long-standing vendor relationships, changes in leadership, resource constraints, and administrative structures that evolve over decades. These factors can make it difficult to regularly revisit plan operations, governance, and provider arrangements.

Auto-pilot is fine while the conditions hold. It is not a plan for what happens when they change: a new administration, a merged system, an unexpected audit, a call from the local newspaper, a question from the labor union during contract negotiation, a participant who asks a hard question. The plans most exposed at that moment are precisely the ones that have gone the longest without anyone looking underneath.

That's also why they represent the clearest opportunity. The distance between where these plans are and where Compliant begins is often considerable, and closing it delivers value that a sponsor can see and defend.

The Path to Compliant

COMPLIANCE IS NOT A BENCHMARKING EXERCISE

Reaching Compliant isn't solved by a sharper fund lineup or the addition of the latest investment solution the recordkeeper would like to discuss. It's diagnostic and remedial work: figuring out what's actually happening inside the plan, where that diverges from what should be happening, and doing the hard, technical, often tedious work of closing the gap.

That's the work we're built for. Fee-only and employee-owned, with no proprietary products and no private-equity ownership, we have no agenda in the room but the plan's. We get into the weeds because the weeds are where the risk lives, and because a plan that reaches Compliant has a foundation solid enough to build everything else on.

Compliant is the beginning of Plan Forward, not the end. Get the foundation right, and Competitive, Engaged, and Optimized become achievable goals rather than aspirations resting on unstable ground.

THE HARD WORK COMES FIRST

Most firms will help you evaluate your fees and review your funds. So will we. But if that's all a plan gets, the deferred maintenance is still there waiting. We think a plan sponsor deserves better than a paint job over a cracked foundation.

We do the hard work first.

† The fee and cost figures above reflect a specific client engagement and are provided for illustrative purposes only. The ability to negotiate fees depends on asset size, participant count, and other factors; lower fees are not guaranteed.

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