



2025 Benefits Governance Survey



Prelude: The Scope of ERISA fiduciary status



The goal and result of a plan sponsor's governance structure should be to generally limit those who **function** as fiduciaries to those who are **named** as fiduciaries (and their authorized delegates)

Are **named** as a fiduciary pursuant to provisions of the benefit plan

Prelude: Governance Survey – Why Now?

Lack of Knowledge and Expertise

Lack of sponsor knowledge of fiduciary responsibilities and benefit plan regulations

A strong governance structure needs to work with the realities of who has decision-making authority and where responsibilities and expertise reside

Target of litigation

100s of plan fee / investment retirement lawsuits continuing to challenge plan fiduciaries and drive up the cost of fiduciary liability insurance

A few health lawsuits. The main focus of allegations – prices for some drugs too high to satisfy obligation to operate plan in interests of participants; underlying allegation – evaluation and monitoring of PBM not consistent with ERISA standards

Difficult to keep pace

SECURE and SECURE 2.0 along with many market innovations make it hard to keep pace and distract from strategy and core business activities.

The Affordable Care Act, Mental Health Parity And Addiction Equity Act, Transparency in Coverage Act and Consolidated Appropriations Act – amongst others – mandate complex design, reporting and audit requirements.

About the 2025 Flash Benefits Governance Survey



238 survey respondents with over 100 employees



4.2M employees at responding organizations

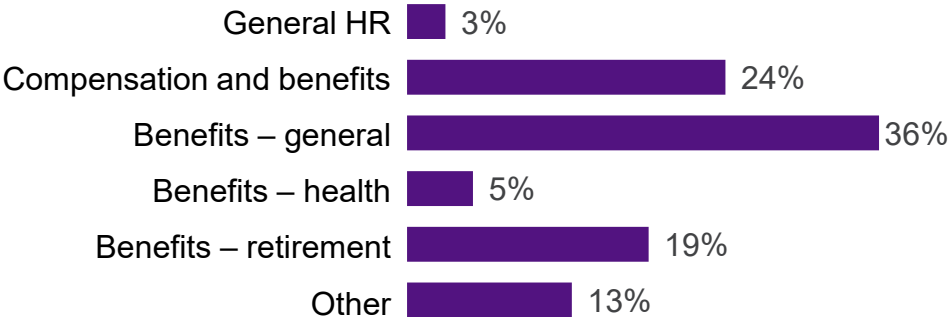


(6% "Other")

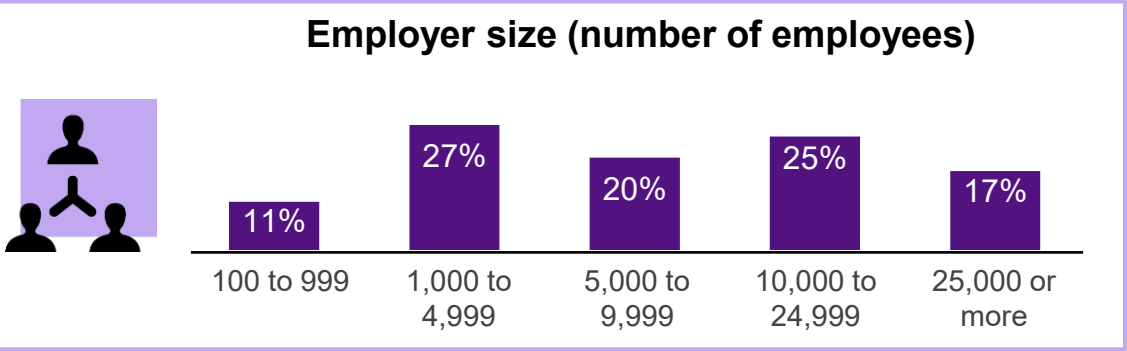
For profit, publicly traded	For profit, private	Nonprofit or government
51%	27%	16%



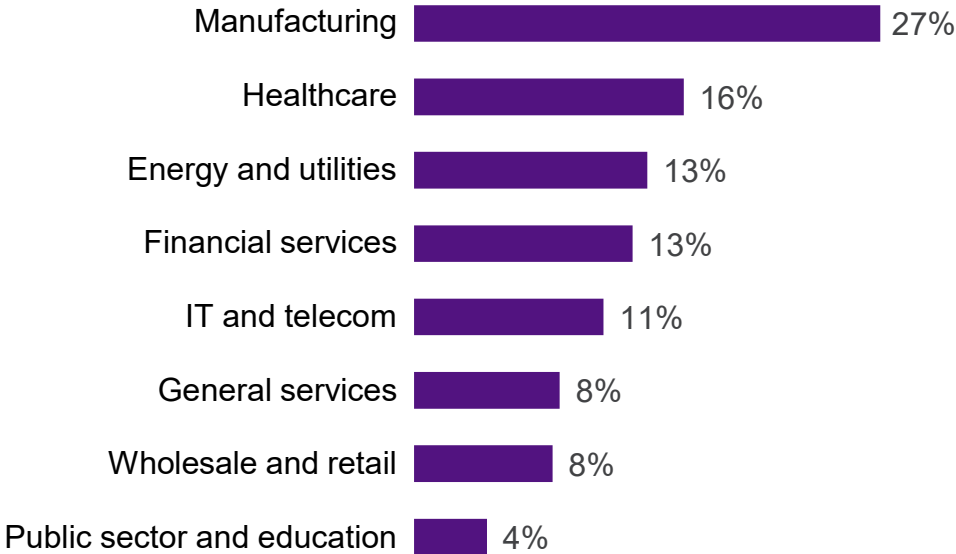
Respondent role



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Benefits Governance Survey.



Industry



Key findings of the 2025 Benefits Governance Survey

1



Companies continue to take risk mitigating actions around their retirement plans, but recognize the need to close the gap with their health and welfare programs

2



Most companies have a retirement committee, but more than one-third of companies do not have a health and welfare committee; > 80% plan to reevaluate governance

3



Managing fees, participant outcomes and investments continues to be a focus for DC sponsors – retirement adequacy and lifetime income solutions are gaining traction

4



Beyond regular actions to benchmark plan fees and services, companies are increasingly focused on fiduciary responsibilities and exploring third-party partnerships

Source: WTW 2025 Benefits Governance Survey.

Companies plan to take more actions to manage program risks



Foundational

Foundational tactics represent tactics with more than 55% of companies currently taking action



Emerging

Emerging tactics are tactics with more than 20% of companies planning or considering action



Opportunities

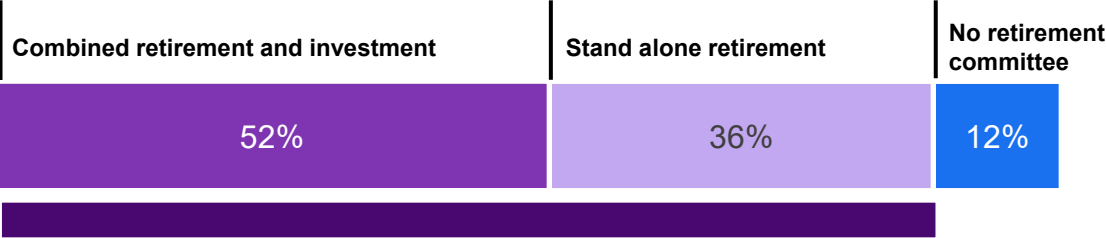
Opportunities are tactics with fewer than one-third of companies are currently taking action

Retirement	Foundational	Emerging	Opportunities
	• Reevaluate investment options • Fee and service benchmarking • Fiduciary training	• Reevaluate fiduciary insurance • Reevaluate plan governance • Revisit plan's role in total rewards strategy • Modernize DC plan design • Examine retirement adequacy • Offer lifetime income solutions	• Delegate fiduciary responsibilities to a third party • Paying fees from corporate assets
Health & Welfare	• PBM fee analysis • ASO fee benchmarking	• Fiduciary training • Reevaluate fiduciary insurance • Reevaluate plan governance	• Delegate fiduciary responsibility to third party • Change to fixed dollar amount for fees

Source: WTW 2025 Benefits Governance Survey.

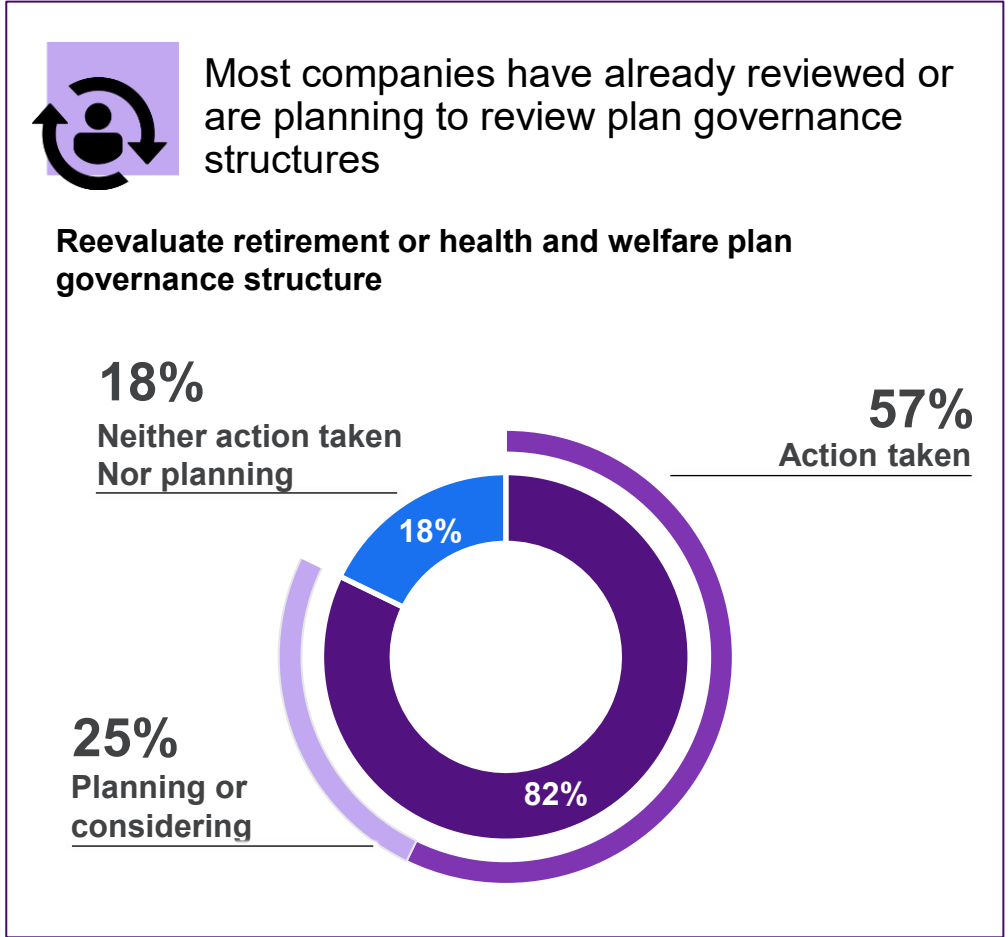
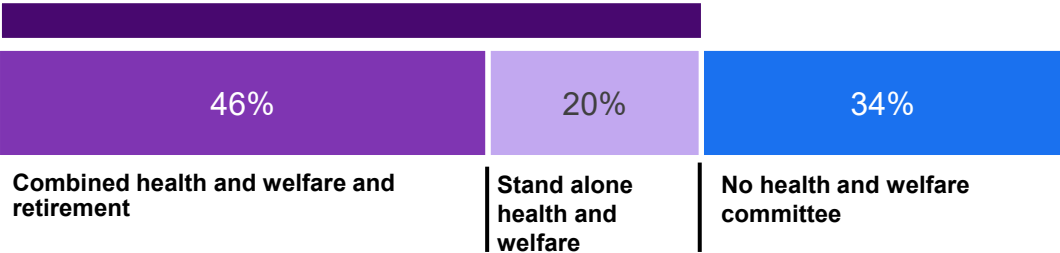
Four in five companies are reevaluating the governance structure around their retirement or health and welfare programs

Retirement and health and welfare committees



88% have a retirement committee

66% have a health and welfare committee



Note: Percentages may not sum up to 100% due to rounding.
Source: WTW 2025 Benefits Governance Survey.

Mitigate Risk: Aspiring to build a fiduciary “force field” of protection

Essentials (ongoing)

- Structure: People, controls, processes and monitoring
- Responsibilities map/matrix
- Policy statements (investment, fee, training)
- Documented procedures
- Up-to-date compliance calendar
- Monitor service providers

Quarterly

- Committee meetings - agendas and minutes
- Trend and legislative updates (potentially more frequently)
- Monitor/measure investment and administrative performance (potentially more frequently)

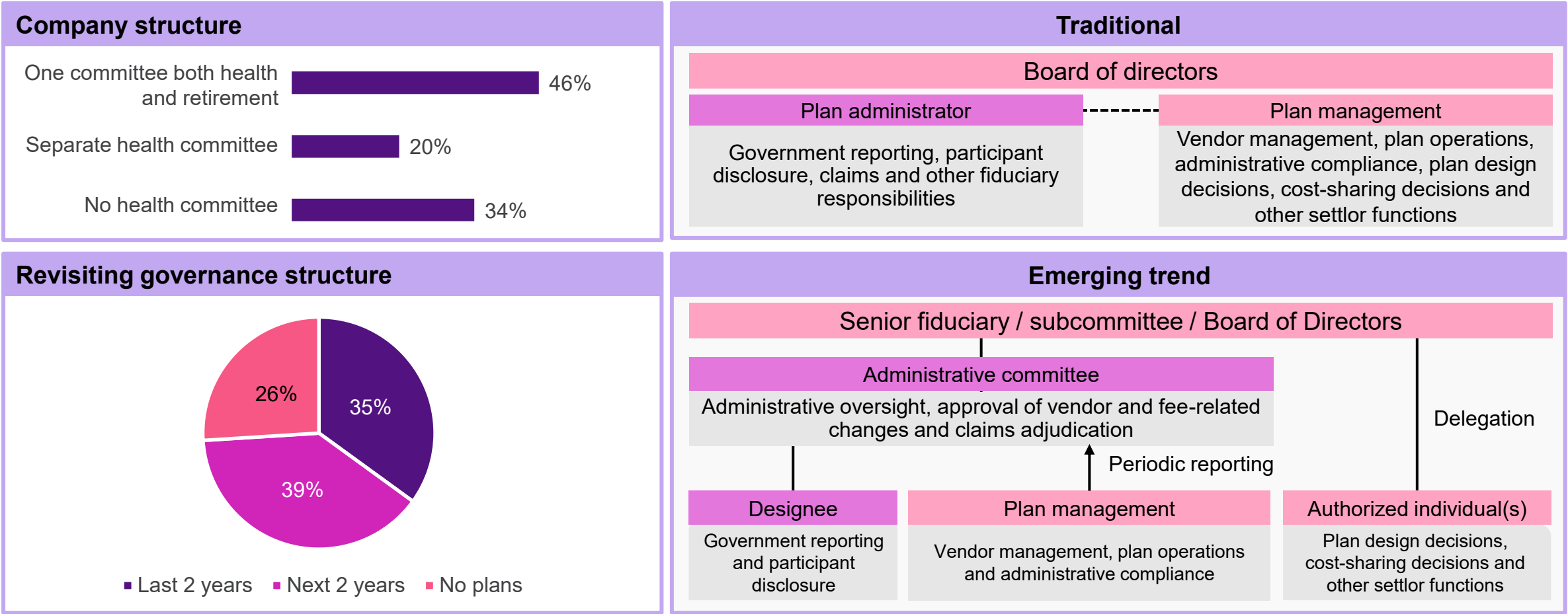
Annually

- Form filings (5500 and other filings)
- Discrimination and limits testing
- Provider review meeting(s)

Continuous Oversight (multi-year calendar)

- Operational and compliance reviews
- Fee and service benchmarking or market competitive analysis (vendor, ASO, PBM, etc.)
- Controls diagnostic
- HIPAA privacy and security review
- Claims and clinical review
- Mental Health Parity Review
- Documentation (e.g., SPDs, plan documents)
- Review of employee communications
- Fiduciary training and other trainings

Emerging trend towards a more evolved H&W governance model



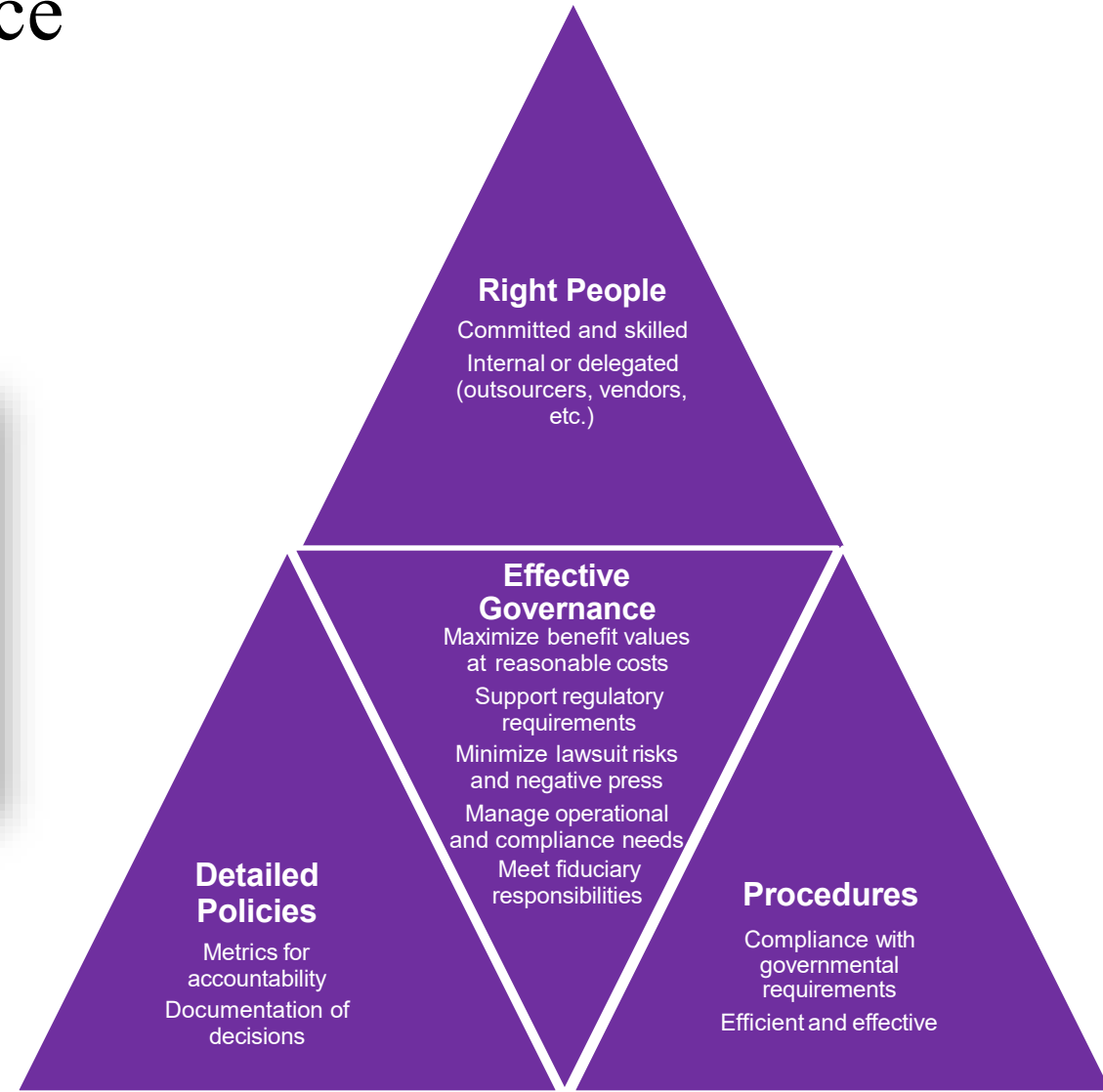
Source: WTW 2025 Benefits Governance Survey.

Re-evaluating Plan Governance

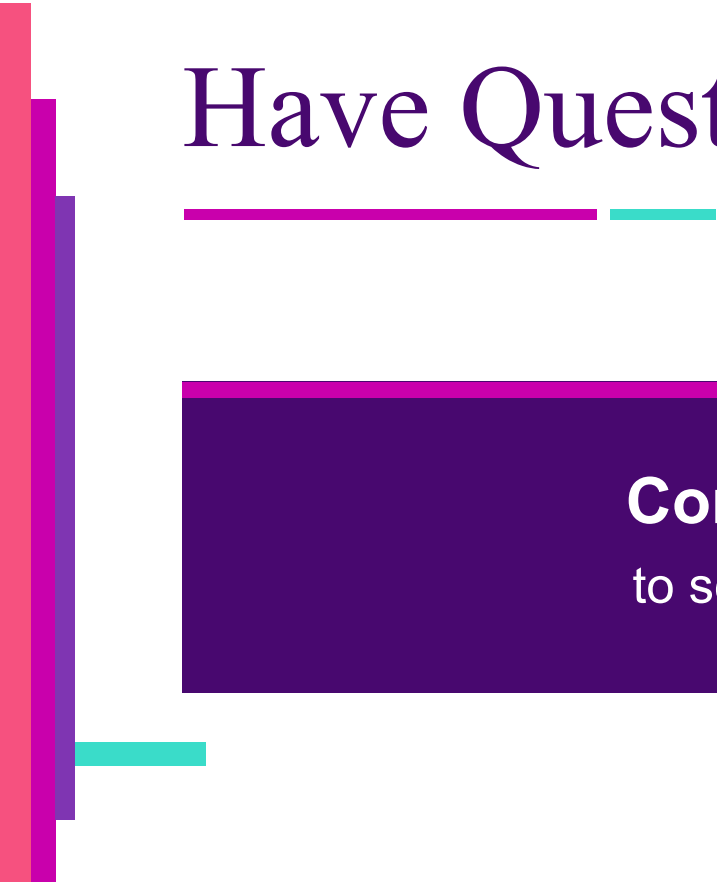
Purpose of Governance Review

Examine the governance practices of the “Client” Retirement Committee (the “Committee”) to identify:

- ☐ Are the right people in the right place within the fiduciary system?
- ☐ Do they have the proper training, information and policies to guide their decision making?
- ☐ Does the division of fiduciary decision making at various levels (e.g., board, committee, administrative, or other) reflect the strategic importance of the plans and support its sound fiduciary decision making?
- ☐ Have the roles and responsibilities of personnel and providers been established and documented?
- ☐ Is there a proper segregation of duties?
- ☐ Do adequate delegations and authorities exist?
- ☐ Have delegations been made to the proper level in the governance system?
- ☐ Do those delegations and authorities conform to the governing plan documents?
- ☐ Are the activities of delegates appropriately monitored?



Have Questions?



Contact GCA.Strategy.Mailbox@wtwco.com
to schedule a meeting with a governance consultant today.

WTW governance consultants can help you discuss next steps for your organization.

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