

## Fiduciary Rule Changes



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## **What Plan Sponsors Need to Know About Possible Fiduciary Rule Changes**

Recent changes in the regulatory landscape have raised questions for employers that sponsor retirement plans. While headlines often focus on shifting political priorities, the practical impact for plan sponsors is more straightforward than it may appear.

Here is what's changing—and what remains the same—for retirement plan fiduciaries.

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### **Core Fiduciary Responsibilities Remain Unchanged**

Regardless of regulatory shifts, the fundamental fiduciary duties under ERISA remain intact. Plan sponsors are still required to:

- Act solely in the best interest of plan participants and beneficiaries
- Carry out fiduciary duties with care, skill, and diligence
- Diversify plan investments to help manage risk
- Follow the terms of the plan document
- Ensure plan fees are reasonable for the services provided

In short, the legal foundation governing retirement plans has not changed.

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### **A More Stable Regulatory Environment for Sponsors**

The prior administration attempted to expand the definition of who qualifies as a fiduciary—particularly for financial professionals providing investment advice. The current administration has stepped away from defending that broader approach and is expected to issue a more limited fiduciary rule in the future.

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For plan sponsors, this shift brings greater regulatory stability. While sponsors must continue to prudently select and monitor service providers, fewer compliance disruptions are expected from changes aimed primarily at advisers rather than employers.

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### **ESG Investing Returns to Financial Fundamentals**

Recent regulatory updates place renewed emphasis on traditional financial criteria—risk, return, and cost—when selecting plan investments. While ESG-focused funds are not prohibited, fiduciary decisions must be grounded in economic considerations rather than non-financial objectives.

Plan sponsors should consider reviewing their Investment Policy Statements to confirm that investment selection language clearly prioritizes financial performance and participant outcomes.

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### **Increased Flexibility on Alternative Investments—With Care**

The regulatory environment has become more neutral toward alternative investments, such as private market strategies or other non-traditional assets. However, these options often introduce additional complexity, liquidity constraints, and participant education challenges.

Sponsors are not required to add alternative investments and should proceed cautiously. Any consideration of such options should be supported by strong fiduciary process, professional oversight, and clear documentation.

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## **Oversight and Documentation Still Matter Most**

Even with regulatory pullbacks, plan sponsors remain responsible for monitoring advisers and vendors. This includes understanding fiduciary roles, reviewing compensation structures, and documenting decisions related to fees, investments, and services. Litigation risk continues to be driven by process and documentation—not regulatory headlines.

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### **The Bottom Line**

While regulatory priorities may shift, effective plan governance does not. Plan sponsors that maintain disciplined oversight, focus on reasonable fees, and document fiduciary decisions remain well positioned—regardless of the political environment.

A consistent, well-documented fiduciary process remains the strongest protection for both plan sponsors and participants. Contact your Account Executive if you have any questions.

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