



401(k) Tips, Resources and Thoughts

For CPA's, CFO's, Controllers & Business Owners

Q1 - 2017 401(k) Newsletter from Atlas

New year, new expectations and new approach to improving your 401(k) plan and participants experience. We've had many conversations with financial professionals and plan sponsors in 2016 about improvements and thoughts about the 401(k) plans they have or are involved with. The same two issues came up time and time again in the majority of those conversations, fees and asset choices. Fiduciary concerns was the next significant topic. If those are your main concerns also, you need to talk to your current 401(k) service provider or interview some new ones. Your 401(k) plan is too important as a benefit to business ownership and acquiring and retaining good people. If the economy continues to improve and expand over the next several years, the war for talent will get worse and it will be difficult for you to acquire and retain good people. A great 401(k) plan may make a difference in their decision to join or leave your company.

Good Article Links:

[Gen X Must Commit to Personal Savings to Secure Retirement](#)

[Fidelity Survey Finds 401\(k\) Plan Sponsors Focused on Fiduciary Responsibilities](#)

[2016 Participant Survey Results](#)

Are You A Fiduciary On Your 401(k) Plan?

This is a question we don't get often enough and is often forgotten in ignorance. Many people that may not think they have fiduciary responsibility, *truly do*. If you are a/in business owner, management, human resources or business partner, you could have some level of fiduciary responsibility. If you are unsure, you need to contact your 401(k) Service Provider and/or an ERISA attorney. One of the best things your company should consider is outsourcing the 3(38) and 3(21) fiduciary responsibility.

Understanding 3(38) and 3(21) Fiduciary Responsibility - [CLICK HERE](#)

Two(2) examples that you may be familiar with;

First, if you aren't having an "**Investment Committee Meeting**" annually and performing an independent Benchmark Analysis, you could be exposing yourself to a DOL audit if a participant files a complaint. The complaint could run the gamut of items, but if they complain about fees, lack of investment choices or performance of those investments and you *never* or *rarely* analyzed that information, you could be at-risk for a DOL audit. Also, if you did have your regular meetings and consistently benchmarked your plan, but you had some issues and *never* did anything about them, a

participant complaint could make things worse with a possible DOL audit.

Second, if you have someone in your company dispensing investment advice to participants, but they do not have an expert-level financial background, you could have an issue with the DOL if the participant files a complaint that they were not given proper advice from an expert. This is more frequent with smaller companies, but this is another reason to outsource the 3(21) fiduciary responsibility.

Changes To Consider To Your 401(k) Plan In 2017

Auto-Enrollment - To help with participation rate you should consider this option. Obviously each participant could withdraw from the plan, but any company with a 401(k) Plan must make a concerted effort to encourage retirement savings and thoroughly explain the benefits on the plan.

Roth 401(k) - About 70% +/- of companies are offering the Roth 401(k) option. This is an option that has been available since 2006 and provides a lot more flexibility to participants that want to add this to complement their traditional 401(k) plan or as a sole account for post-tax savings. The major benefit to the participant is after the age of 59 1/2, the participant can take the money out penalty and tax free, but the money grows tax-free over time.

Stepped-Up Match - This program encourages and rewards tenure in a company. You can setup tenure ranges with associated match percentages that work best for your participants. For example only, you could have the following Stepped-Up Match ranges; 1-3 Years (2%), 4-7 Years (3%), 8-12 Years (4%), 13+ Years (5%). Remember, any changes to the tenure ranges and associated match percentages you need to update all adoption agreements and effectively communicate to all eligible employees.

Article from 401(k) Specialist -

"Don't Get Burned: Six Fiduciary Items To Closely Watch"

[CLICK HERE](#)

Popular Topics from Prior Newsletters

2017 IRS 401(k) Contribution Limits Decision

Per the IRC Section 415 of the IRS code, contributions need to be reviewed annually based upon the "cost-of-living index" for a decision on whether or not to increase the contributions limits. It was decided not to raise the contribution levels. They will stay at \$18,000 per year (plus \$6,000 catch-up provision for people over 50) and a maximum of \$35,000 in an additional company contribution (Match and Profit-Sharing).

401(k) Plan Review - Checklist

Atlas has provided a 2-Page 401(k) Plan Review checklist for you to download

[CLICK HERE TO VIEW THE CHECKLIST AND DOWNLOAD](#)

'2017' 401(k) Plan Conversion Decision

Get your executive team together to review the specific components of your 401(k) plan and the service you are receiving. If you have not performed a "401(k) Plan Review", this should be a strong consideration to have an independent source review your plan design, asset lineup (for fees and performance), fiduciary compliance and administrative fee structure. In addition to a Plan Review, if your overall service is not what you expected (response, education, plan design consulting, etc.) it's time to review your wish list and consider making a change. Plan Conversion takes up to 60-90 days and your new service provider should provide a detailed project plan of who is responsible for what tasks along with resources needed and within an agreed upon timeline.

Investment Committee Meeting - Schedule in Advance

This is an important function and your Fiduciary Responsibility. This meeting is typically scheduled in February, March or April of each year. This gives your 401(k) Service Provider time to aggregate all the prior years data on asset lineup performance, employee survey's and review of any major changes to your business and the economic lifecycle. Sometimes the Investment Committee will meet briefly in Q4 of each year to review corporate matching decisions for the following year, discuss any strategic or tactical changes in the business that may affect personnel decisions (adding or retrenching) or other changes to the Adoption Agreement to help the 401(k) plan success. Most of this information gathered will help for the Annual Investment Committee Meeting in the spring time for review and modifications to the 401(k) Plan design and structure.

NEW Article - 401(k) Plan Mistakes and Ideas to Fix them - Part 1

This article will be in four(4) separate parts and focus on key areas of the 401(k) Plan that the biggest MISTAKES are made and ideas on how to fix them. We are providing this information almost as a "How-To" playbook on achieving 401(k) Plan success and avoiding a potential DOL audit.

[CLICK Here for the Full Article](#)

DOL Fiduciary Rule

In April 2016 the DOL FINALLY passed the law that by April 2017 ANYONE that dispenses advice with retirement funds **MUST** have a Fiduciary Responsibility. You may be saying, "I thought they already did?" or, "Why wasn't that always the case?". We cannot get into all of our opinions on this topic in this email, but we will say it has been a long time coming. This means that when you ask for advice about investing, allocation, risk or general retirement planning the advisor **MUST have your best interests in mind**. This rule **MAY** affect you, your company retirement plan, your participants and your personal retirement plan in the future. Check to make sure your 401(k) Service Provider is already prepared for this new rule or has plans to comply with it. More specifically, your 3(21), the person or group that is working with your participants is a Fiduciary or plans to be one by the time the law is in full effect.

Potential Audit Flags - Items You Need To Be Aware Of

In order to avoid to potential audit flags, you need to be aware of the following:

- Making sure your Fidelity Bond is properly covering the assets on your plan.
- Review and Update your IPS (Investment Policy Statement).
- Have a process on how you evaluate your asset lineup on an annual basis.
- Make sure there is Retirement Coaching available for your participants throughout the year.

DOL Ruling You Should Be Familiar With

[See "Tibble v. Edison" Ruling by Supreme Court](#)

Answer These Important Questions To Improve Your Plan:

- Do you have a Fiduciary File of all your 401(k) documents?
- Have you offered Roth as part of your 401(k) Plan as an option?
- Don't lose valuable employees with more than 5 years of tenure, consider higher match plateaus based on tenure?
- Have you sent out an Employee Survey to aggregate feedback on your 401(k) Plan?
- Have you reviewed how your 401(k) can reduce your company's annual tax burden?

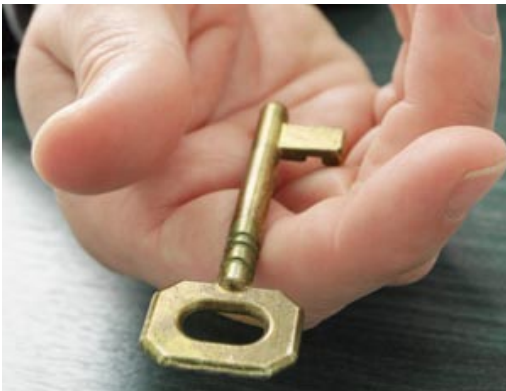
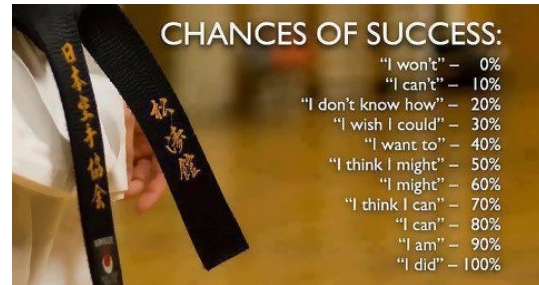
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Article: Why You Need a TPA For Your 401(k) Plan

This article reviews why you need and should use a TPA(Third-Party Administrator) and the basic functions and services they provide. Unless you have someone with extensive experience on staff, you should have someone outside your organization review your plan structure along with flexible options, submit all required government forms and run all necessary tests to make sure you are in compliance. This article was written and provided by Nora Bethman from NEBS.

[Link to Complete Article](#)



Benchmark Your 401(k) Plan Today

It is your **Fiduciary Responsibility** to make sure that your plan has a reasonable fee structure and your Fund/ETF Lineup is performing as expected. If the independent Benchmark Report identifies issues and you don't take care of them, you could be at risk for an DOL Audit.

[Click Here for Benchmark Report Info](#)



401(k) Education Workshops

We have recently just posted our latest workshop schedule. The workshops are on Plan Structure and DOL Fiduciary Responsibility. If you are involved with your company 401(k) or have clients that have a 401(k) plan, you need to attend. This workshop is for Plans Sponsors, HR, CFO's, Controllers, Business Owners & CPAs (CPE Credits offered). We pride ourselves on Providing Education along with topical, timely and very useful information.

[Click Here for Workshop Schedule & Registration](#)



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