

You just took over your company's 401k plan... where do you start?

Angela D. Mansfield, AIF®

amansfield@pensionmark.com

Did the day-to-day responsibility for your company's 401k plan just land on your desk? Are you wondering where to start? Here are four steps to get a handle on your plan:

1. Contact **your plan's advisor**: Your advisor should be your number one resource for familiarizing yourself with your plan and the other parties involved in it (the recordkeeper and administrator), plus, they can help you with the history of the education campaigns and fiduciary meetings. Unfortunately, you may find that your plan does not have an advisor, or has one who put the plan together (like a general contractor – bringing the various parties to the table) but hasn't been involved since (and yet may still be getting paid from the plan!). If that is the case, your first order of business would be to find an advisor who is a 401k expert and can help you to make your 401k plan the robust benefit that it should be for your team, along with helping you and the business owners to stay ahead of all of the DOL's requirements for the plan. *Your 401k plan advisor should be providing you and the plan's participants with service that matches the fee they're being paid.*
2. Gather all the pertinent **education materials**: Your plan's recordkeeper should have an enrollment kit (likely an electronic version) and your advisor should be providing you with a plan highlights sheet and a deck of enrollment education slides. Make sure you have the most up-to-date versions of each of these at your fingertips and then send them out to your team. No matter when the last education campaign took place, it's likely that they've all lost track of these items. If you send these out to everyone via email, you'll know you have all the info and they'll know you're their best resource!
3. Clarify **who's in and who's out**: Often when someone takes over their plan, there is confusion about who has been offered the plan but declined to participate. Sometimes, your predecessor has a list like this in his/her head! But, in case of a Department of Labor (DOL) audit, you should have proof that your plan has been offered to *every eligible employee* in the company. This means that if anyone is NOT enrolled in the plan, you need a file with signed declination forms – you can get these from your plan's recordkeeper – which serve to prove that the company has not discriminated against anyone by not offering them the benefit. If you can't find this file, start with a census of all eligibles, eliminate those who are participating, and then get around to everyone else and offer them a chance to enroll (always great to give them another opportunity to help themselves!), asking for a signed declination form if that's their choice.
4. Do a **force-out project**: Another way that your plan can get administratively messy is if you have a significant number of former employees who still have their money in your plan. Time for a force-out project! This cleans up the administrative duties on your plan *and* provides a service to those who have moved on to new adventures. Of course, if they have \$5,000 or more in their

account, you cannot *force* them out, but if you provide them with your advisor's contact information and the distribution form/instructions from your plan's recordkeeper, you can sometimes get inertia out of their way! For those under \$5,000, you can send out a letter that states a specific timeframe inside of which they must make a decision or have their account transferred to an IRA (\$1,000-\$4,999.99) or a check automatically sent to them (\$999.99 or less). Your recordkeeper can assist you in this process!

Even if you've worked with a 401k plan before and are therefore very familiar with how the plan functions, you might find that when you take over a task that someone else has been managing, they have not done so in the way you would have. Maybe they didn't have a schedule for fiduciary meetings or education meetings, maybe the files are in a different order or the plan materials are out of date... Get your company's 401k plan under control the way *you* want to manage it – have your 401k advisor partner with you along the way!

Angela D. Mansfield, AIF® is an advisor with nearly 15 years of experience in the 401k field, both on the recordkeeper and advisor sides of the business. Angela provides education to participants, HR Directors, and business owners to help them articulate their priorities and ensure they are getting the most out of their 401k plan. She believes that everyone can utilize their 401k plan to have the future they dream about for themselves. Please see her bio on www.pensionmark.com for more information.