

Retirement Plan Tips for HR

Document! Document! Document!

The most important thing you need to do to protect your employer from IRS or Department of Labor penalties and employee lawsuits is to maintain detailed records on your retirement plan. Below is a summary of the documents you should have on file.

Participant Forms – These can be kept in one master file, organized by form or by employee name.

- ✓ Enrollment forms – Even if an eligible employee declines to participate in the plan, keep a copy of the enrollment form documenting this.
- ✓ Salary deferral elections and changes – To prevent misunderstandings, you should not act on verbal instructions from employees.
- ✓ Beneficiary designations – Most financial institutions do not track beneficiary designations, so it's crucial that these records are maintained as long as a participant has assets in your plan.
- ✓ Distribution forms
- ✓ Hardship distribution paperwork (including proof of hardship)
- ✓ Loan paperwork (including any amortization schedules or agreements provided by your TPA)

Plan Documents – You should maintain the following signed plan documents in one central location:

- ✓ Plan Document
- ✓ Amendments
- ✓ Summary Plan Description (SPD)
- ✓ Summary Annual Reports (SAR)
- ✓ 5500 tax forms
- ✓ Adoption Agreement
- ✓ ERISA Bond
- ✓ Employee census and discrimination testing results
- ✓ Investment Policy Statement (IPS)
- ✓ Fiduciary insurance (if any)
- ✓ All documents and formal correspondence from your TPA
- ✓ 408(b)(2) disclosures from all service providers

Employee Communications such as newsletters and notifications of eligibility, meetings, and changes to the retirement plan. See below for additional tips.

Evidence of Educational Opportunities

- ✓ Notifications of events
- ✓ Lists of notification recipients
- ✓ Sign-up sheets
- ✓ Handouts
- ✓ Summaries of topics discussed
- ✓ Lists of attendees

Fiduciary Review

- ✓ Minutes from trustee meetings – We recommend that these meetings occur no less frequently than annually.
- ✓ Annual plan reports (provided by your investment provider and/or investment advisor).
- ✓ Investment analysis and recommendations (provided by your investment advisor).

Employee Communications

Employee communications should be distributed with payroll, via email, by mail, or via employee mailboxes.

Communications should not be placed in a central location with the expectation that employees will see it. However, if this is the only method available, employees should be notified in writing of the location.

Document what was communicated, how it was communicated, and the date it was communicated. For example, keep a copy of any cover letters, emails, attachments, mailing labels, distribution lists, etc. If you do not have contact information for a terminated employee, you should document your attempt to supply them with the information (such as the post office's "undeliverable" notification).

New Employees

New employees should be notified of their retirement plan eligibility date and provided with enrollment materials. This includes:

- ✓ Notice of eligibility
- ✓ Summary Plan Description
- ✓ Safe Harbor Notice (if applicable)
- ✓ Enrollment kit
- ✓ QDIA and Auto Enroll Notice (if applicable)
- ✓ 404a-5 Participant Fee Disclosure

Federal law requires that the SPD be given to employees within 90 days after they become eligible for the plan. In addition, if your plan allows for automatic enrollment, a notice and opt out form should be provided as well.

Annual Notifications

The following notices should be provided annually, 30 but no more than 90 days before the beginning of every plan year (if applicable):

- ✓ Safe Harbor Notice
- ✓ 404a-5 Participant Notices
- ✓ QDIA Notice
- ✓ Automatic Enrollment Notice

Submitting Contributions

Employee salary deferral contributions should be made within seven business days of payroll. Late contributions are the reason for most Department of Labor (DOL) employee complaints and are the first thing the DOL looks for when they audit a plan.

Keep a backup of the contributions you submit and when they are submitted. If a contribution is submitted late, make sure to note the reason for the delay (e.g. holiday or snow storm shutting down the office).

Force Outs

Most plans have an automatic force out provision requiring employers to involuntarily remove terminated participants from their retirement plan with 30 day notice. There are typically three options for force outs: send a check for those with vested balances under \$1,000, roll balances from \$1,000 to \$5,000 to IRA's and cash out those under \$1,000, or simply roll everyone with a vested balance under \$5,000 to an IRA. Regardless of the provision, a 30 day notice must be provided before taking action. Please connect with us when you are ready for your annual force outs and we will work with your TPA or plan administrator to walk you through the process.

Ask Questions!

Always read communications from your plan contacts and ask questions if you don't understand them. This may seem obvious, but many failed audits and employee lawsuits are caused by simple miscommunication.

In addition to your financial advisor(s), the following team members are dedicated to providing you and your employees with timely and efficient service:

Erin Jones, CRPS® | Retirement Plan Director | Registered Associate, RJFS | Erin@thecommmco.com

Erin is available to you for in-person meetings, conference calls, or to answer questions regarding your corporate retirement plan – including plan requirements, plan investments, blackouts, force-outs, fund transfers, and making changes to your plan and SPD.

Marcia Eschbach and Kate Shamrell | Participant Services Associates | Marcia@thecommmco.com, Kate@thecommmco.com

Marcia and Kate can assist your current and past employees with questions about your retirement plan, obtaining investment advice, forms, distributions, loans, rollovers, and provider websites. Additionally, they are your primary contacts for scheduling enrollment and employee education meetings, obtaining payroll submission training, and ordering enrollment kits and other materials.

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