

**THE  
ROSENBAUM  
LAW FIRM P.C.**

**THE LAW FIRM REVIEW**  
A Publication for Plan Sponsors and Retirement Plan  
Professionals

## Things About Plan Providers That Shouldn't Impress Plan Sponsors.

**Don't get bamboozled.**

There are certain things in life we re-ally should be impressed by, but we always end up being impressed by the wrong things. People are impressed by looks and money rather than the character of a person or their generosity. People have always been more impressed with flash than substance, so that should also continue when retirement plan sponsors select their plan providers. There are certain things they shouldn't be impressed by with their current or potential providers and this is what this article is about.



For the article, click [here](#).

## You Shouldn't Hire Your Friends Or Family As Your Retirement Plan's Provider.

**No place for nepotism.**



Friends and family are a great campaign for discounts at a department store or through a phone bill. However thanks to something called fiduciary duty and prohibited transactions, it's never a good idea for retirement plans to hire the friends and family of some of the

plan's decision makers as a retirement plan provider. This article is about why a plan sponsor shouldn't hire friends and family as the retirement plan provider of their retirement plan.

To read the article, please click [here](#).

## Routine Mistakes That 401(k) Plan Sponsors Aren't Aware Of.

And they should.



They often say that the road to hell is paved with good intentions. Like I always say, whoever made that quote up must have been a 401(k) plan sponsor. The problem with being a plan fiduciary is the liability that goes with the position and another major problem is that the plan sponsor may not be aware that some of their decisions are big mistakes that are going to cause problems down the line. So this article is routine mistakes that a plan sponsor isn't aware of.

To read the article, please click [here](#).

## They will always try to sell Plan Sponsors something.

Whether the plan sponsor needs it or not.

When I was a kid, there were two varieties of Cheerios, one version of Listerine, and one type of Crest toothpaste. If you got to the supermarket these days, there are about a dozen varieties of Cheerios, more than a half dozen versions of Listerines, and so many varieties of Crest that your head can spin. The bottom line: there is always something for you to buy.



If you're a plan sponsor, there are so many things for you to buy. Plan sponsors need the services of plan providers, an ERISA bond, and fiduciary liability insurance. The problem is that many times, plan sponsors are being sold services that they don't really need and the plan sponsors are really unaware of it unless they have an ERISA attorney or trusted plan advisor helping them.

For example, I have a client with a 30-year-old sharing plan. The bulk of the assets are in an insurance policy that the owner/sole participant bought on the advice of the insurance salesperson/plan advisor. The owner wants to terminate the plan and transfer the insurance policy to himself at distribution. The insurance policy has been paid up for years, so what does another insurance salesperson try to do? He tries to sell the owner a new insurance policy for a company that is about extinct and where the owner is around 70. Thankfully, this owner has an ERISA attorney (cough, cough) and a third party



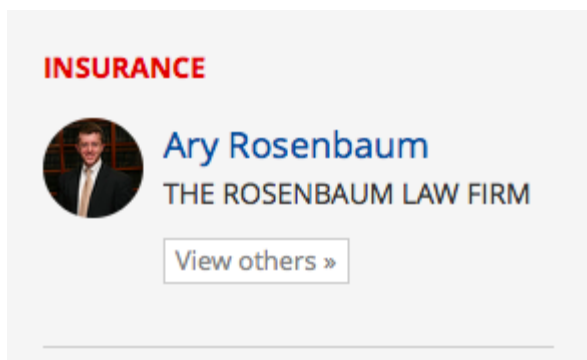
administrators who knows what's best for the client,.

The point is that plan sponsors have money and there will always be plan providers willing to take that money especially those that are a little unscrupulous and selling plan sponsors stuff that they don't need.

If you're being sold something, make sure it's something you need as a plan sponsor.

## JDSupra Readers' Choice Awards 2016 .

Thank you for the support.



I want to thank all my readers that helped me get recognized as the JDSupra Readers' Choice Awards 2016 top author for the insurance industry (which includes ERISA).

Details can be found [here](#).

## Last call for Plan Restatements.

April 30th is the deadline.

My favorite professor at law school Bernie Corr said it best when he joked that the Bankruptcy Code changes to keep bankruptcy attorneys employed.

I'm sure people think that the Internal Revenue Service (IRS) requires retirement plans to be restated every 6 years to keep ERISA attorneys like me employed.



Maybe that's true in part, but the Internal Revenue Code consistently changes when it comes to retirement plans, so the IRS requires retirement plans to be restated every 6 years.

If you sponsor a defined contribution plan using a ready-made prototype or volume submitter plan, you need your plan to be restated by April 30th. If you fail to amend and restate your plan by that deadline, your plan will be penalized on audit and risk disqualification of the plan which would mean that all benefits would be immediately taxable to plan participants and business deductions for contributions disallowed. So get that plan restated.

If you need a plan restated, I know a pretty decent ERISA attorney (cough, cough) who can restate your plan document at a reasonable, flat fee. Give me a call.

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