THE ROSENBAUM LAW FIRM P.C.

# THE LAW FIRM REVIEW

A Publication for Plan Sponsors and Retirement Plan Professionals

## Bundled vs. Unbundled 401(k) Plan Providers: The Choice Is Not Clear.

**Not an easy choice.**

In our lives, there are times when we have two important choices. It's Coke vs. Pepsi, Mac vs. PC, Xbox vs. PlayStation (sorry Nintendo), Star Wars vs. Star Trek, and Marvel vs. DC. In the 401(k) space, it's always bundled vs. unbundled for the employer to choose as a 401(k) plan provider. So this article will discuss the bundled vs. unbundled debate and what may be the better fit for a particular 401(k) plan.

For the article, click here.

## It's a 401(k) Revolution.

**Change is here.**

I'm a fan of Broadway musicals and my favorite of all time is Les Miserables. It may not be a Rodgers and Hammerstein classic, but it's always been my favorite since I saw it more than 20 years ago. I've seen it a few times on Broadway and on film. I actually had tickets for it on the night of Tuesday, September 11th. Yes, the show was cancelled that night and I haven't been back to see it since. Les Miserables is about love, family, and revolution. One of my favorite songs (out of many) is "Do You Hear the People Sing." I love the lyric " Do you hear the people sing? / Singing the song of angry men?" In the 401(k) world, we've had a revolution over the past 10 years and many people have been "singing the songs of angry men." So this article is about the "revolution" in the 401(k) world that has impacted retirement plan sponsors in how they run their 401(k) plan.

To read the article, please click here.

# The Small Stuff Creates The Biggest Liability Pitfalls For 401(k) Plan Sponsors.

**Concentrate because it's the smallest things that create the biggest headaches..**


When I was a kid, I had an Intellivision. For those people born after 1980, Intellivision was a video game console that had better graphics than an Atari 2600 that people just didn't buy. You could say Intellivision was the Betamax of video game consoles. One of my favorite games on Intellivision was Activision's Pitfall that was far superior than the Atari version. Pitfall was a rip off of Raiders of the Lost Ark where the character Pitfall Harry tried to navigate a jungle by leaping over logs and using vines to jump over alligators. I actually got a patch for having a high score that my Aunt actually achieved. Plan sponsors have their own game of Pitfall, but the problem is that unlike the video game version, the pitfalls are usually invisible and are actually small mistakes. This article is how the small stuff can create the greatest liability pitfalls for 401(k) plan sponsors.

To read the article, please click here.

# No fear of a class action lawsuit doesn't mean there shouldn't be fear.

**There is more to fear than a class action.**

Plan sponsors will say it all the time: they are too small to be sued in a class action lawsuit. That may be true, but a class action lawsuit isn't the only thing to fear.


Most plans aren't big enough to have a class action lawsuit against them, but they have other fears that plan sponsors aren't even aware of. While a $1 million plan isn't going to be sued by an ERISA attorney in a class action lawsuit unless they're starving, retirement plans can be targeted by an employee or two to get a quick, inexpensive settlement or the government can audit them.

In the old days, it was kind of a blue line that most plan participants never crossed and the courts didn't recognize a participant's right in making sure that plan expenses are reasonable.

It's been quite some time that unreasonable plan expenses have been an issue for plans and it went from plan sponsors winning on every turn into what looks like a Washington Generals type losing streak.

The days where plan sponsors can look the other way about their retirement plan is long over. They either need to shape up or get shipped out by participants and/or the Department of Labor.

# Picking Plan Providers: Choose Quality over Popularity.

**Pick the best, not the most popular.**

I'm not very popular, never have been and never will be. It's probably my personality or just not wanting to go with the flow, but I'm not a popular guy. Ask my family, ask my former bosses. While I won't win popularity contests, I'll make it up in doing quality work and doing my best in my relationships with my clients and my referral sources. But popularity isn't everything.

You should never associate popularity with quality because many times, they are mutually exclusive. Despite the fact that Apple computers are far superior to Windows based PCs, look who sells a lot more. Some of the most popular food establishments, movies, products, and services may be popular, but not be the best of the best.

So when a plan sponsor chooses a mutual fund, a financial advisor, a third party administrator, or an ERISA attorney, avoid just picking a provider because they are popular or have so many plans or assets under management. Look for quality over quantity. Look for the best, not the most popular. A lot of things popular in this retirement plan business isn't very good.

# The IRS Announces 2016 Retirement Plan Limits.

**No change from 2015.**

The Internal Revenue Service (IRS) announced their retirement plan contribution limits for 2016 and they remain the same limits as 2015.

The IRS said the 402(g) salary deferral contribution limits for employees participating in 401(k), 403(b), most 457 plans will remain at $18,000.

Employees aged 50 and over will be able to contribute an additional $6,000, which is the same as in 2015.

The IRS also announced the annual benefit limitation under a defined benefit plan will remain unchanged f at $210,000 and the limitation for DC plans also remains unchanged at $53,000.

The definition of a highly compensated employee also remains the same as in 2015 at $120,000.

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