

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

Hiring Your Payroll Provider As Your 401(k) TPA? Forget About It .

Every year, I say the same thing.

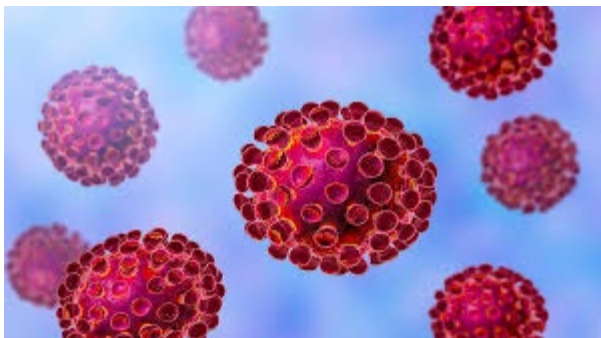
10 years ago, I first wrote about the dangers of hiring a payroll provider as your 401(k) third-party administrator (TPA). Many things have changed in the 401(k) business in the last 10 years, but my opinion that hiring your payroll provider as you 401(k) TPA was bad then and is still bad now.



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

401(k) Plan Sponsor Issues During This Coronavirus Pandemic.

What you need to think about.



The business around COVID-19 has been mostly negative. However, as Billy Joel would say: "We Didn't Start The Fire." There have been plenty of economic crises over the years since the Great Depression. As a 401(k) plan sponsor, it's more likely than not that this pandemic has been negative to your business and probably your retirement plan. As a business owner, there are some tough decisions that you've had to make or will make

concerning your business that will also affect your 401(k) plan. This article is all about important

considerations concerning your 401(k) plan as it relates to Coronavirus.

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

A 401(k) Plan Sponsor Needs To Avoid Being A Mark .

They can't be a fool.

Whether it's a movie or something in real life, we've seen people who are the victim of a con(fidence trick). We call that person, a mark, which is a dupe for the scam. The problem of being a plan sponsor is that while they might be the mark for something wrong committed by a plan provider, they are still on the hook for liability for hiring these poor plan providers and they have the fiduciary duty to make sure the plan complies. The best way for plan sponsors to avoid being a mark is understanding their role in being a plan sponsor and understanding some of the topics of this article.



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

Tell your TPA the whole story.

They need to know.



There are good third-party administrators (TPAs) and bad ones. No matter how good your TPA is, they're not a mind reader. So when it comes to providing information to your TPA, you need to level with them. If you don't provide the necessary information about the census, ownership, ownership in other entities, and other qualified plans you maintain, your TPA can't do their job credibly.

I've seen too many TPAs discover errors, just because the plan sponsor didn't provide the necessary information. Corrective contributions might be owed if you did the employee census incorrectly or if you didn't provide all the companies you own.

The easiest errors to avoid are the ones you can avoid by providing the information your TPA asks and by volunteering information that you should think they should know.

A headline is just a headline.

Sometimes, that is all that it is.

Trader Joe's successfully
beat back a class action

401(k) lawsuit. When reading the Judge's opinion, it was a clear smackdown of the Plaintiffs' complaint.

When I put Trader Joe's 401(k) plan in the Google machine, I could find no articles on Trader Joe's winning their case. However, I did see plenty about the filing of the lawsuit. It reminds me of

the newspaper articles with false claims and small retractions, days later. It's the same with 401(k) lawsuit against plan sponsors and plan providers, the media likes to report the sizzle and report the steak months later in smaller print when the public has moved on from the case.

You will see multiple 401(k) cases against large plan providers that get plenty of attention but get ignored when dismissed because the pleadings failed to prove that one of these providers was a fiduciary.

So when you read a headline that a plan provider or plan sponsor, remember it's just a headline until the case is settled or decided on its merits. Anyone can sue anyone, but not anyone can win without any facts.


Check out That 401(k) Podcast.


The podcast you should listen to if you have the time.



Please check out That 401(k) Podcast, where I co-host with Dan Venturi of Bright Worxx. We tackle important 401(k) subjects for both plan sponsors and plan providers. In addition, we talk about all the events I'm hosting, as well as important cultural allusions.

Find it [here](#) and on Apple Podcasts [here](#).

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