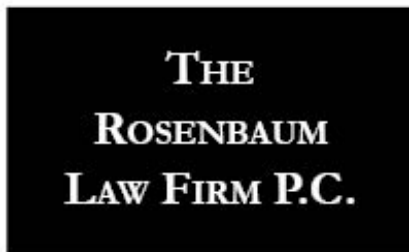


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**THE LAW FIRM REVIEW**  
A Publication for Plan Sponsors and Retirement Plan  
Professionals

## Great 401(k) Options That Aren't A Fit For Every Plan Sponsor



When you're trying to buy a product or service, many times you're being oversold things that you don't need like that extended service warranty on a cheap Blu-ray player or etched glass on a new case. Well, retirement plan sponsors are sold services that many times they don't need. The problem is that, unlike the etched glass, plan sponsors don't know whether a service for the retirement plan is necessary for their needs. As I often say, there isn't a retirement plan solution that is appropriate for every plan sponsor out there. Everything that a retirement plan sponsor should get is something that fits their needs. This article is the many

services offered for retirement plans and when plan sponsors should say no thanks.

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

## The Costs For Being Cheap As A 401(k) Plan Sponsor

There is nothing wrong with being thrifty. You should never pay the full price for something that you can get at a discount. Being thrifty is different from being cheap. Being cheap is about not wanting to pay for something just because you don't want to pay for it. I think cheapness is one of my least favorite

traits in people, next to dishonesty and narcissism. When it comes to sponsoring a retirement plan, plan sponsors have a duty to pay only reasonable plan expenses, which means they have to be thrifty. Paying reasonable plan expenses isn't about paying as little as possible, so it means that plan sponsors don't need to be cheap. Quite honestly, they can't afford to be cheap because being cheap can cost a plan sponsor a lot more in the long run.



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

## How You Deal With Those Annoying 401(k) Plan Provider Cold Calls



As a 401(k) plan sponsor, the details of your plan are for public consumption because your annual Form 5500 is available to be publicly viewed. There is a whole cottage industry within the retirement plan industry where details of your plan are sold to plan providers that want information for plan prospecting and they want your business. So expect the phone calls, emails, and even this day, mail from plan providers that want your business. This article is all about how to deal with plan

providers that are contacting you for your business.

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

## What makes a good TPA? Simple, service.



A bad third-party administrator (TPA) can be a weapon of mass destruction. So when plan sponsors focus on price or using their payroll provider in selecting the TPA, they neglect the most important attribute of a good TPA: service.

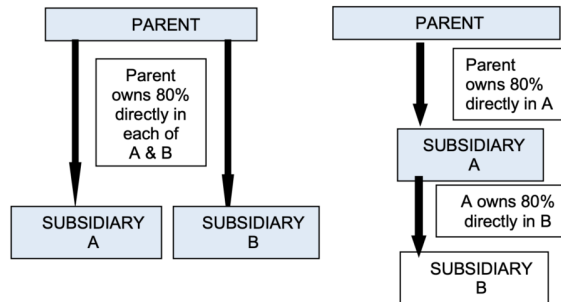
A quality TPA service puts a plan sponsor out of harm's way by minimizing their liability and avoiding errors that will require extensive and expensive repair.

# Find out if you're part of a controlled or affiliated service group

As a 401(k) plan sponsor, you need to make sure that all your plan providers understand any ownership interests in other companies that you may have and make a determination whether those interests constitute a controlled group or affiliated service group.

The problem is that if you don't do the analysis, you may run afoul of the qualification rules because controlled and affiliated service rules treat the members of these groups as a single employer for most purposes. So if your company is a part of these groups and you do nothing, you may have a huge coverage problem if the other companies don't have a similar retirement plan. Even if they do have similar plans, there could be discrimination testing problems since all companies need to be tested as one.

So when you get the census information, make sure you answer correctly when it comes to the questionnaire asking you about other ownership interests.



## We will hear those 401(k) complaints if the markets tank



I used to joke that to save money, the local news stations should recycle footage that they collect from hardware stores and supermarkets when there is a snowstorm because the reports of people buying shovels, snowblowers, milk, and bread are the same every year and every snowstorm.

The same can be said about articles and reports about how bad 401(k) plans are. We heard about how bad the 401(k) plan was and the high costs back in 2000 and 2008 when the markets had huge corrections after big financial gains. If the markets have a correction this year (the markets are likely overvalued), expect to hear the complaints about how bad 401(k) plans are.

Yes, defined benefit plans were great, until plan sponsors realized it was cheaper for them to offer 401(k) plans and shift the cost of funding retirement from their ledger and switch it to the burden of employees. It's not the 401(k) plan's fault, it's just employers who wanted to cut down on costs. People living longer didn't help either. So when you hear 401(k) plan complaints, just expect that means markets have gone south.

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