

THE
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ADVISORS ADVANTAGE

A Publication for Retirement Plan Professionals

How A Plan Provider Should Handle Employees.

Some tips from a former plan provider disgruntled employee.



I always say that the main reason that I don't want to have employees is that I was an employee once too. An employee wants to get paid as much as possible and the employer wants to pay as little as possible. I have yet to find the employee who says they make too much money and I have yet to find the employer that says they pay their employees too little. Any organization that wants to be successful needs a staff of employees that are competent and worth their salary. So for a retirement plan provider, that usually means having a good staff of loyal, well-trained employees. Due to the nature of the business, there are so many retirement professionals that aren't very good especially because they never got the proper training. If you have a great team of well-trained

professionals, you need to make sure they stick together. It's no different than a professional sports team, you can't afford to lose great people through free agency and unlike pro sports, there are no guaranteed contracts in the retirement plan industry. This article is all about how to treat employees and avoid the revolving door of them that could only negatively impact business.

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

Did Vantage take Advantage?

Did a Dallas TPA do the unthinkable?.

Well a few weeks ago, I got the startling news that the FBI closed down the office of Vantage Benefits, a Dallas based third-party administrator. I didn't make any comment on it until it was properly reported that their offices were closed because I know how rumor and innuendo can hurt a business.

I know of Vantage Benefits and I know Jeff Richie, so I still can't believe the news. I understand why people may commit financial crimes, but I don't understand why anyone would embezzle plan assets in a fiduciary capacity because it's easily self-incriminating. From a self-



VANTAGE BENEFITS

incrimination standpoint, I think trying to rob a bank gives you better odds that stealing assets from a retirement plan you serve as a plan provider and/or fiduciary.

If the allegations are true, then it's another black eye for the industry coming just a few years after the Matt Hutcheson debacle. I was involved in the Hutcheson debacle having succeeded him as a fiduciary for the only plan he didn't steal from as the allegations start to pop up. Like that situation, this story can be a learning experience for plan sponsors and plan providers in properly vetting plan providers as well as putting procedures in place to make sure assets aren't misused. I'm looking forward to an investigation into this matter, no matter the outcome.

Nordstrom is the latest large employer sued over their 401(k) plan.

Another one gets sued.



The department store business model is selling items at high prices with the heavy end of season discounting. Now if only Nordstrom did the same with their nearly \$3 billion 401(k) plan.

The lawsuit alleges that if the plan had opted to include Vanguard target date funds instead of the target date funds in the plan, the plan sponsor could have cut plan expenses by \$3.6 million per year, or nearly \$22 million over the past six years. The lawsuit

also alleges that if the plan had changed other parts of its investment lineup for similarly available Vanguard funds, it would have saved \$24 million over the past six years.

Whether a plan sponsor chose Vanguard funds or from another company, that's clearly a fiduciary decision and the plaintiffs are going to have a hard time providing a breach of the duty of prudence just because Nordstrom didn't use Vanguard funds. The plaintiffs are going to have to show that using other funds is an actual breach.

It should be noted that this lawsuit has just come months after Nordstrom replaced Transamerica as their record-keeper. Coincidental or related, it's worth noting.

It won't matter until it becomes law.

All the talk and proposed legislation means nothing right now.

I spoke to a fellow ERISA attorney who was talking about the proposed changes going back and forth regarding tax reform. I told him I just didn't have time to follow and I'm not a big fan of proposals, I just cared about what becomes law.

The proposals that have been flying back and forth that might have involved tax deferral and catch-up caps were just some things that were thrown out there. In the end, it only matters what is passed and signed into law.



When I started out, I learned much of what I know from a paralegal named Marge. For some small chatter, I was mentioning the idea of Roth 401(k) and this was sometime in 1999. Marge told me that there are always proposals out there, but it means nothing until it becomes law. So you won't see me write a blog article about every proposal out there, there isn't enough time in the day for me to do it.

Harvey Weinstein and You.

The daily allegations should make you look in the mirror and question your behavior.



The news of late has had daily accusations against Hollywood executives and personalities concerning sexual abuse and harassment. What has happened with the beginning of allegations against Harvey Weinstein have mushroomed into a force that can't be stopped. It reminds me of the fall of the Berlin Wall and the rest of Eastern Europe where there was a tidal wave of political unrest. The allegations first asserted against Weinstein have empowered women and men to finally come forward and have the courage to challenge those that have abused them. The abuse and harassment were not beautiful, but the fact that terrible people who have committed terrible acts are finally getting what's coming to them.

As retirement plan providers, you are either employers or employees. The current Hollywood scandal shows us that as people in the retirement plan industry, we need to make sure that there is no room for harassment in the workplace. People in positions of power don't have the right to harass employees in any fashion. As retirement plan providers, we need to make sure that there are processes in place to fully investigate any allegations and punish those that have committed

wrongdoing in the workplace. As a former employee of a number of TPAs and law firms, I can honestly I never worked at a place where sexual harassment took place, but I also never worked at a place that had a solid human resources department that could properly deal with any potential allegations.

As protectors of this great industry, we need to do better and make sure that the workplace is free from all allegations of sexual impropriety.

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The Rosenbaum Law Firm Advisors Advantage, December 2017 Vol. 8 No. 12

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