

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

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

Mistakes An Employer Needs To Avoid When Starting A 401(k) Plan.

It's important to get off the right foot.



I'm a firm believer that you need to get off on the right foot if you start something new. Otherwise, you have a tough time recovering from that wrong foot. When I talk about getting off on the wrong foot, I always mention my situation with Hillel at Stony Brook. I always remember wanting to get involved with Hillel, the Jewish student organization at college. They had a welcoming barbecue the first weekend of school and after I arrived 15 minutes after it started, they ran out of food. The students who had no intention of joining Hillel because they weren't Jewish had hamburgers and hot dogs and all I got was a stale bagel. Needless to say, I never joined Hillel. Being a retirement plan sponsor is a bigger deal than joining Hillel especially when you

factor in the responsibility of being a plan fiduciary, so it's important that the employer gets on the right foot and avoids making the mistake in starting a 401(k) plan.

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

You Need To Tell Your 401(k) TPA What You Got.

Tell them what you got.

A good third party administrator (TPA) can handle the day-to-day administration of a daily valued 401(k) plan and a good part of that job is handling the compliance end through various forms of discrimination testing. A TPA can only do an effective job based on the information that a plan sponsor provides and that the information is correct.



Making chicken salad out of chicken crap might work for some businesses, it doesn't work well in the world of retirement plans especially when the Internal Revenue Service (IRS) and the Department of Labor are auditing plans to ensure compliance with the Internal Revenue Code and

the Employee Retirement Income Security Act of 1974 (ERISA). A TPA needs to know certain things from 401(k) plan sponsors and this article will let them know what you need to provide your TPA.

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

401(k) Plan Sponsors Need To Read This Article!

They need to read this.



You're a 401(k) plan sponsor and we understand that you're busy running a business and talking about retirement plan issues is as exciting as watching paint dry. The problem is that paint drying won't expose you to liability, but sponsoring a retirement plan can. So someone thought this was a good idea for you to read this article about how neglecting your 401(k) plan isn't a good idea. We'll try to make this article as

painless as possible.

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

How Plan Sponsors Can Have A Good 401(k) Plan After The Long Run.

They can tell the distance.

As a huge fan of The Eagles, one of my favorite songs is the title track "The Long Run." From the album that pretty much broke the band "You can go the distance. We'll find out in the long run." While the song is really about love and relationships, I love it because it speaks to me about the challenge of how people's actions can be reviewed over the long run. For a retirement plan sponsor, the nature of maintaining a retirement plan is all about the long run because it's a long process in serving as a fiduciary and holding the retirement assets of their employees. So this article is about how a plan sponsor can go the distance over the long run and avoid the liability pitfalls along the way.



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

The MEP isn't the end all, be all.

It's not a fit for everyone.

I have been hearing a lot from advisors and plan providers about multiple employer plans (MEPs) with the idea that open MEPs



where a plan where the adopting employer have no commonality, but be treated as one plan for ERISA purposes may be back in business through a change in the law.

While it's been 6 years since the Department of Labor opined about their ideas regarding MEPs in an advisory opinion, many of us are still hoping that they're allowed again especially when states have been allowed to offer IRA products and programs that are far inferior to what private sector plan providers can offer.

While I love the idea of MEPs, they aren't the perfect fit for every plan sponsor out there. There is the surrender of control (with the liability that goes with it) to the MEP plan sponsor where there maybe plan provisions that the MEP may not offer. Most importantly, the idea behind the MEP is that it's a cooperative where small plans are grouped together with better pricing and better share classes. Yet, most of the years in the business, I've seen too many high cost, insurance-based 401(k) MEPs. High costs MEPs defeat the purpose behind the MEP. If you want to talk about high-cost MEPs, look no further than the \$1 billion MEP that sought the advisory opinion that sunk Open MEPs for everyone.

Open MEPs aren't the solution for every small to medium sized plan sponsor. Plan sponsors need to identify the cost of joining a MEP and whether the cost is far less than what they have on their own. I've seen too many MEP adopting employers that might be better off with their own plan. Open MEPs can be a great thing if priced accordingly, but it's still not the solution for every small plan out there.

The DOL is still targeting late deferrals.


It's been a long time coming.

It should be the simplest thing to do, yet so many plan sponsor fails to do it. What I'm talking about is the late deposit of deferrals and it's been the biggest reason I've seen why the Department of Labor (DOL) are auditing plans. It's an easy target for them since it's a question on Form 5500 and they compare that to the list of plans that have applied to their voluntary fiduciary compliance program. They'll target plans who didn't apply and they'll target those who have failed to do that in multiple years.



Something as simple as being late by a couple of days on a payroll can lead to thousands of dollars of legal fees to pay for representation for a DOL audit.

Either avoid these silly mistakes or contact an attorney when the DOL contacts you.

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