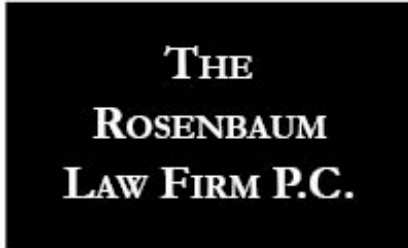


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THE LAW FIRM REVIEW
A Publication for Plan Sponsors and Retirement Plan Professionals

Organization Ideas For 401(k) Plan Sponsors To Limit Liability



Organization tools always pop up for sale after New Year's because a lot of people want to try to keep their resolutions. My local Costco always trots out the plastic bins and organizational stands and carts after the new year. One of the most fascinating and profitable stores is The Container Store, which sells all things in organizational and cleaning tools. If you're a 401(k) plan sponsor, there is no Container Store in handling your role as a plan fiduciary. However, you have this article that will tell you why you need to be organized and what you should keep organized.

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

Offering Crypto In A 401(k) Plan Is A Bad Bet

When you're young, you can be adventurous within a limit. When you're a 401(k) plan sponsor, you can't be as adventurous. Being a 401(k) plan sponsor takes some responsibility and it's not a job to be stylish. Being a 401(k) plan sponsor, you can get into a lot of trouble by being stylish. One way of being too stylish is focusing on the "flavor of the week" and the newest flavor seems to be Bitcoin and other crypto currencies. As a trusted legal advisor, I'm not going to sugarcoat it, but offering it is a bad idea, right now.



Life As A 401(k) Plan Sponsor Isn't Fair



I think we learn from an early age that life isn't fair. It's probably at an early age when something didn't go our way. While sponsoring a 401(k) plan is a great benefit for your employees, you will realize that the rules for being a plan sponsor aren't exactly fair.

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

Not all fiduciary issues are the same.

As a plan sponsor, you hear the numbers like 3(16), 3(21), and 3(38) thrown around. The selling of fiduciary services is big. Business over the last 10 years as plan providers want to assume some or all of the liability for parts of your plan.

The problem is that providers might be upselling their service and obfuscate that their service is paltry in terms of liability protection compared to other providers.

That is why it's essential to have these materials service contracts reviewed because not all similarly titled services offer the same amount of liability protection.



Get those 2022 amendments done



In addition to that restatement for Cycle 3 that must be completed for most defined contribution plans is July 31st, the deadline to adopt retirement plan amendments for SECURE Act and CARES Act changes is December 31, 2022 for calendar year plans.

Get that tack on amendment before it's too late.

Review those hardship requests

It's easier to steal when no one is looking.

In Ohio, a former plan participant is facing criminal charges for a fraudulent hardship request.

The participant submitted to the plan's third-party administrator (TPA) two hardship withdrawal applications to obtain money from their 401(k) account. The first was made in June 2019 and the second in October of the same year. The applications stated the distributions would be used to purchase his primary residence and pay medical expenses. Prosecutors allege that the participants used the funds for other purposes, such as personal expenses, and falsely represented the purpose of the withdrawals on the applications. In addition, it's alleged that the defendant forged a plan trustee's signature on the applications.



As a plan sponsor, you're a plan fiduciary, so it's necessary to make sure that all hardship applications have substantiation for the valid reason for them and processes in place that no one presents a forged application to the TPA.

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