SUPER Fiduciary Solutions for ALL Your Retirement Plan Needs!
POOF!

GO YOUR PROBLEMS!

Streamline work, save time and reduce retirement plan burdens with Pentegra

Brought to you by the Fiduciary Super Heroes at Pentegra!
Save me time. Take work off my desk. 
Eliminate complex responsibilities. Minimize risk and burdens. 
Make it easy for me.

Today, you’re busy running your business. Who has the time to devote to the retirement plan responsibilities that come with the day-to-day job of a plan administrator?

But at the end of the day, employers are fiduciaries. They are legally responsible for their plans. Most mistakes involve plan administration. As our stories illustrate, there are very real and significant consequences.

That’s why it is so important to hire an ERISA 3(16) Fiduciary Administrator. The right 3(16) Administrator can virtually eliminate the risk of failing to meet deadlines or doing things incorrectly, and assume these responsibilities for your clients.

Enter Pentegra

As one of the most experienced 3(16) Administrators in the industry, Pentegra can help. Pentegra is America’s oldest independent fiduciary. With more than 75 years of expertise serving as an institutional fiduciary, Pentegra really can make it easy.

This booklet of short stories is brought to you by the fiduciary super heroes at Pentegra. Each day, we’re helping our clients make retirement plan administration problems disappear with 3(16) fiduciary outsourcing solutions designed to simplify plan administration, minimize risk and burdens.

It’s not quite magic, but it is that simple. You really can transfer the responsibilities and burdens of managing a retirement plan and save time, work and cost, all while eliminating compliance risks and complex burdens.

Think of us as your fiduciary super hero.

GOAL!!!
How Many Participants are In a Plan?
Rich Rausser, Senior Vice President, Client Services

The Situation
A client had reported that they had 72 participants in their plan—but well over 100 who were eligible. The issue was complicated by the fact that the plan had never had an audit. In reporting numbers to the prior TPA, the employer excluded participants who shouldn’t have been excluded and under-reported non-participating, but eligible employees. This happens more often than you would think, where an employer only reports actual participants to the TPA. Most TPAs don’t go beyond what is reported to them.

Once Pentegra took over the plan as 3(16), we found a major discrepancy in terms of how many employees they were reporting. Pentegra helped the client ensure that the proper reporting requirements were being used to avoid fines and penalties. To correct the situation, the employer had to go back 10 years to properly address the question of who was eligible and entitled to contributions—and it cost them over $100,000 to make things right!

The Value of a 3(16) Fiduciary
As a 3(16) Fiduciary, Pentegra insists that the sponsor report all employees to us—even those they may believe are not otherwise eligible. As 3(16), we will go the extra mile to avoid potential future headaches when it comes to who is eligible (not to mention many other factors).

Administering a retirement plan is complicated. By outsourcing these responsibilities, we can handle this work for you.
The Situation
In another case, a plan sponsor had failed to start a participant’s deferrals on time. Plan sponsors sometimes mistakenly assume the plan doesn’t cover certain employees, such as part-timers; in other instances, employees who elect not to make elective deferrals are often mistakenly treated as ineligible employees.

In this case, we confirmed with the former TPA that they sent out alerts to the plan sponsor via e-mail regarding deferral changes that had been made by employees that the employer had omitted. The e-mail went to a person who did not handle the payroll and that person did not forward it to their HR department. Thus, the changes were missed.
The result? Issues with deferral timing which the sponsor had to correct.

The Value of a 3(16) Fiduciary
As the 3(16), Pentegra is alerted at the point an employee enrolls online and makes their deferral election. Because we are a fiduciary stakeholder, Pentegra takes action in a timely manner to ensure that the employee’s elections are reflected in what the employer reports, eliminating these types of issues.
Don’t Assume
Thad Coward, Director of TPA Operations

The Situation
This phrase was the surprising theme to another unfortunate story. Pentegra associates had a meeting with a prospective client, the CFO of a large physician practice. Our conversation bounced around but at one point it landed on the delivery of required notices. We asked how these were being handled—paper or electronic delivery? He looked at us sort of funny and said, ‘I delete them.’

Not sure of what he meant, we asked, ‘When you say you delete them, what exactly are you deleting?’ He explained that when he received the emails with the required notices and delivery instructions…but he assumed his TPA was handling them. They were not.

The Value of a 3(16) Fiduciary
Don’t assume your TPA is handling something. Only a 3(16) fiduciary assumes responsibility for ensuring that notices are delivered to participants and that you’re meeting your compliance responsibilities.
The Situation

“Faith is believing what you know ain’t so.” -- Mark Twain

This quote was invoked by a Pentegra staffer when recounting a discussion he had with a physician group. The group was very confident they did not fall under the Title I requirements of ERISA. The practice had outsourced all non-physician employees, and all the physicians were made partner after one year in the practice. The eligibility for their plan was one year, so, by their calculation, they had no employees.

However, even though the plan in this case would not be subject to ERISA because no employees were covered, it still had to satisfy all the requirements of the IRS Code in order to qualify for employee benefit tax breaks.

While speaking with their practice manager, who was a contract employee, the Pentegra staffer was also reading through their adoption agreement, which clearly stated they had a six-month eligibility requirement. When they pointed this out, the practice manager again said, ‘No, it’s a 12-month eligibility requirement.’

Needless to say, they had a problem.

The Value of a 3(16) Fiduciary

Most plan sponsors know that they need to follow the terms of their plan document, but retirement plans are complicated. You may not have—or want—the knowledge of how they work. Despite that, sponsors are fiduciaries. As fiduciaries, they are legally responsible for administering their plans.

That’s why it is so important to hire an expert ERISA 3(16) Fiduciary Administrator who can assume these responsibilities for you, virtually eliminating the risk of failing to meet deadlines or doing things incorrectly.
Getting to the Truth of a True Up
Rhonda Wright, Director, Client Transition

The Situation
Whenever a company offers a plan where the employer matches employee deferrals, the plan document will include information about the “calculation” and “funding” periods for the matching contributions.

When matching contributions are funded each payroll period, but are required to be re-calculated annually, a “true-up” calculation is needed. But sometimes true-up calculations can be wrong. Who, then, is responsible? The answer may not be as simple as you think. In one such circumstance a large company was audited by the Internal Revenue Service (IRS), who determined that the matching true-up was calculated incorrectly. The employer went to their then-plan service provider—which was not acting in a fiduciary capacity—whose response essentially was that the employer must have supplied them with the wrong numbers.

The provider was correct in saying it wasn’t on them—remember, they were not a fiduciary. If the service agreement didn’t mention verifying calculations such as true-ups, then yes, they were probably off the hook.

The Value of a 3(16) Fiduciary
Service providers write agreements that protect them and not the plan sponsor. If they don’t say they will do it, then they’re not responsible for doing it. A 3(16) fiduciary administrator not only does the work, but is responsible for ensuring it is done right. As the 3(16) fiduciary, Pentegra takes as much of the audit work off the client’s plate as possible. In fact, we prefer to work with the auditors directly to make the process that much easier.
What’s Included in a Plan Document?
Leah Moehlman, 3(16) Project Manager

The Situation
No one wants to hear the word “prison” when discussing retirement plan administration. But it was unavoidable in a recent case, where we tried to help a client from hurting themselves.

Like most administrators, Pentegra issues plan enrollment kits to newly eligible employees. We had started to receive larger than normal quantities of returned kits. One of our fulfillment team members noticed that a lot of the kits being returned had the same address. Further investigation revealed that the employees did indeed share an address, though it wasn’t a big house…but The Big House: The “house address” was actually the address of a prison.

As it turned out, the client had started to employ prisoners, but neglected to inform Pentegra. Complications arose from the fact that, while the client’s contract with the state excluded the incarcerated employees, its plan document did not.

The Value of a 3(16) Fiduciary
As the 3(16) fiduciary administrator for the plan, naturally, this set off a long series of conversations around the definition of an ‘employee’. Ultimately, we accepted that the client did not consider these workers ‘employees’. Not fully understanding what is, and is not, included in the plan document is a common occurrence. A good 3(16) administrator handles these issues for clients, and keeps them out of trouble—and prison!
Hardship Cases Can be Hard Work
Kathryn St. Denis, Senior Account Manager

The Situation
Working with plan participants looking to make a withdrawal from their retirement plan to deal with a hardship can be challenging—especially for plan sponsors.

Often clients prefer not to get involved with hardship cases… and for some understandable reasons. In addition to understanding what the plan document says about hardships, the sponsor is required to gather a great deal of documentation to support the participant’s statements about their hardship situation. Obviously it can be uncomfortable getting into an employee’s personal life: reviewing their finances—including receipts—in a situation that can be difficult under normal circumstances, never mind at a particularly traumatic moment.

Even more difficult is telling the participant “no,” in cases where they have failed to meet the hardship requirements… especially if you personally agree with the desperation they feel they are facing.

The Value of a 3(16) Fiduciary
Handing these duties off to a 3(16) Fiduciary administrator alleviates much of the emotion involved, and removes the employer from uncomfortable situations. Pentegra will take the time to explain where, if necessary, the participant’s request falls short, and work with them to find ways of making their request one that stands a better chance of acceptance.
The Situation

Retirement plans must file a Form 5500 for every year the plan holds assets. We’ve all been guilty of blindly signing/agreeing to terms of service in all areas of life—especially in today’s ever-faster-paced world, where reading all the fine print of a given document can seem needlessly time-consuming. But when it comes to the 5500—and, just as importantly, understanding—it is critical.

One nonprofit we worked with had this very thing happen to them. They had engaged another, nationally known TPA firm. The firm had experienced a fair amount of turnover—which created problems in and of itself—but the problem had been compounded by not filing a 5500 for three years. This went undetected until the company hired a new human resources director.

Pentegra was hired to help untangle the mess, but it required going back over years of records to make sure the filing was correct. To say the process has been “painful” for the firm is an understatement.

The Value of a 3(16) Fiduciary

With Pentegra as the 3(16) Fiduciary Administrator, you don't have to worry about signing something you haven’t read or understand. We actually sign the plan document. We sign the Form 5500. Sometimes there’s debate about the value of a 3(16) Plan Administrator. Often the real value is seen when there is a plan issue or problem.

There’s no debate about the value of these services in this case.
The Situation

In another instance, one of our clients reached out to ask how to handle a situation where a participant had contacted them inquiring about his account, but only had the first page of an old statement from their previous recordkeeper to work with. The statement showed 100 percent of the participant’s account being forfeited in 2015. Since the issue occurred before Pentegra was the 3(16) Fiduciary, we instructed the client to contact the previous recordkeeper to research the issue.

Time passed, and one of our Relationship Managers eventually received a phone call from the DOL—a name you do not usually want to see on your caller ID. The understandably frustrated participant had written a letter about the situation to his local district attorney, who forwarded the letter to the DOL.

“I wasn’t able to obtain a copy of the letter,” said the Pentegra team member, “but I doubt the client ever pursued the issue with the prior recordkeeper or instructed the participant to reach out to the prior recordkeeper directly.” The DOL called Pentegra because our name was now on the 5500. We immediately gave our attention to resolving the issue—and to preventing a full-scale plan audit.

The DOL was able to put us in contact with the right people at the prior recordkeeper in order to research and resolve the issue. It turns out the participant was in fact forfeited in error, due to an issue with the way his account was initially set up. It took some time to resolve, but in the end Pentegra calculated the rate of return that the participant would have received had he not been forfeited in error. We were able to make his account whole.

The Value of a 3(16) Fiduciary

That’s a key advantage of hiring Pentegra as your 3(16) plan administrator. We’re named in the plan document, we sign the 5500. We’re on the hook to make sure things are done correctly. You can’t put a price on peace of mind. If the DOL makes a call, they are calling Pentegra.
Plan Provisions Aren’t Optional
Mike Syrowski,
TPA 3(16) Administration Manager

The Situation
The Pentegra team was conducting a document review for a large prospective client, which had over 300 employees. During the review, our team noted the plan document included an auto enrollment feature, to which the Director of HR responded, “Yes, but we’ve never used it.”

When a provision is included in your plan document, it is not optional. The client hired us and asked us to resolve the issue. It required a multiple-year review of all employees and documentation as to whether the employee was in the plan or, if not, if the employee had affirmed their desire to not participate in the plan. It’s not just the correction but also the time and disruption these types of mistakes cost the employer.

The Value of a 3(16) Fiduciary
A 3(16) Fiduciary ensures that the provisions of the plan document are being followed. It’s compliance confidence.
With Pentegra’s 3(16) fiduciary services, you’ll have a level of comfort that key retirement plan responsibilities are being handled for you.

You’ll also have the comfort of knowing that your plan is being administered so that it’s always compliant and being managed with your participants’ best interests in mind.

Pentegra’s 3(16) Fiduciary services shift certain responsibilities from your organization to Pentegra, transferring many of the legal and operational burdens of managing a retirement plan.

Pentegra assumes responsibility for key retirement plan tasks, reducing workloads and administrative responsibilities, minimizing risk and burdens and improving plan effectiveness.

A trusted fiduciary partner means peace of mind that having a professional on board provides.

Think of it as a better way to offer a retirement plan.
As America’s oldest independent fiduciary, Pentegra is your fiduciary expert.

Learn more about our 3(16) fiduciary solutions. Contact the Pentegra Solutions Center at solutions@pentegra.com or 855-549-6689. Follow our conversation.