

401(k) Straight Talk for Employers

A Live Panel With 401(k) Experts

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Introduction



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Agenda

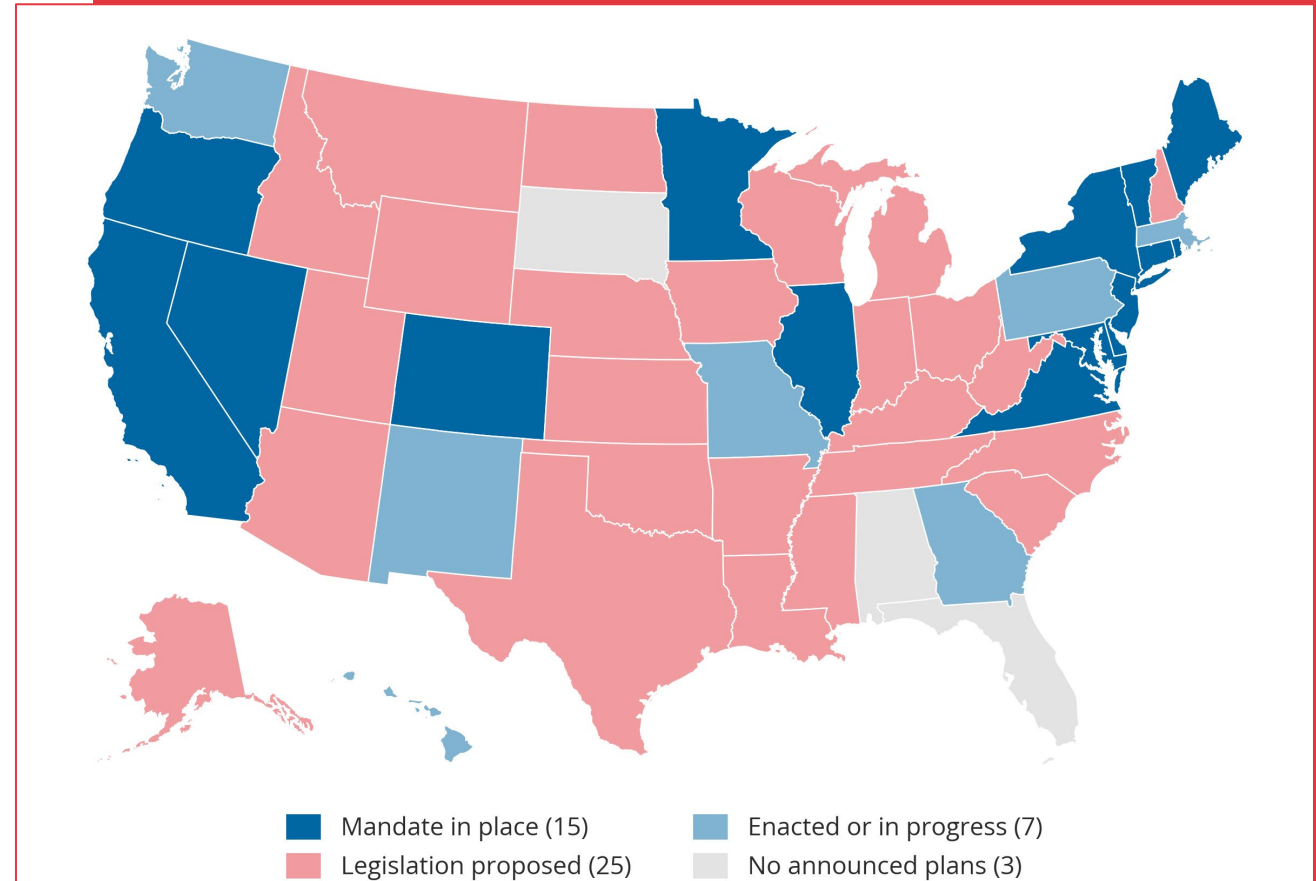
Education, not a pitch. Straight answers to help you make better choices.

- Today we'll cover:
 - State mandates: where things stand
 - Why offer a 401(k) today
 - Who's involved and how they get paid
 - SECURE 2.0 and your plan options
 - Fiduciary risk and smart plan design



State Mandates: Where Things Stand

- **Mandates are spreading.**
About 15 states now require employers to offer a retirement option.
- **More states are considering them.**
Roughly 25 states have proposals.
- **Enforcement lags.**
States often wait a year or two, and Connecticut has no known enforcement yet. Expect a wave once fines begin.
- **Part-time employees count.**
They can still fall under mandate rules.
- **Remote teams add complexity.**
Employees in other states can trigger other rules.



Why Offer a 401(k)

- **Pensions aren't what they used to be.** Through 401(k), employees now own their retirement savings.
- **Attract and keep good people.** A weak benefits package costs you hires and retention. A match is free money, and vesting rewards loyalty.
- **Size and state rules matter.** Growing employers face higher expectations, and some states now require a plan.



401(k) Plan Administration

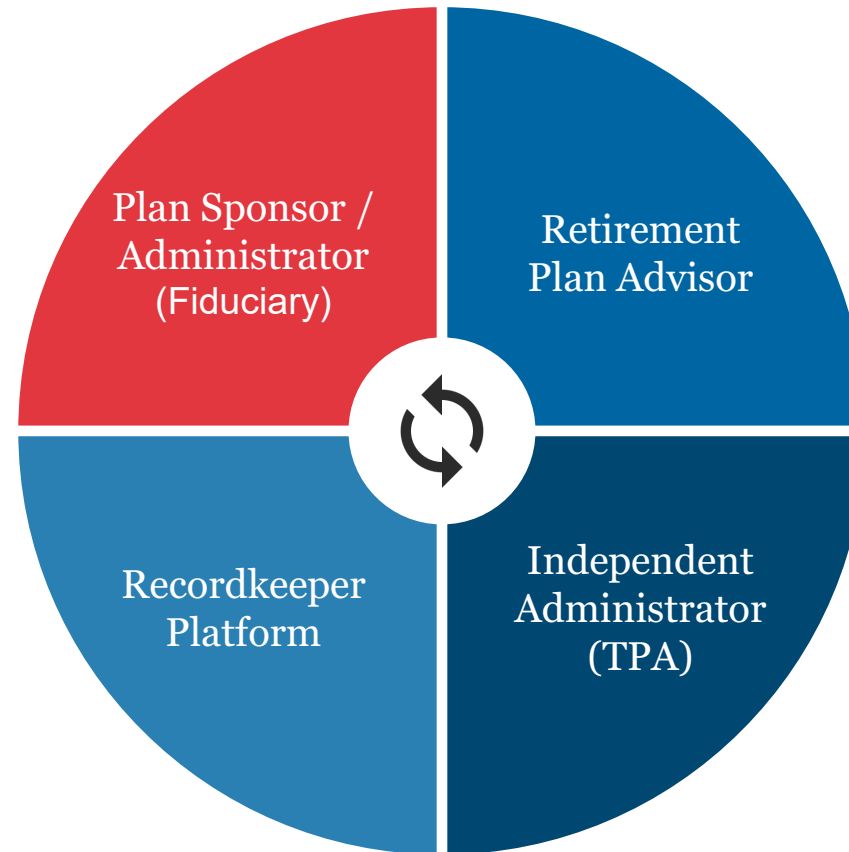
Who Does What

● Plan Sponsor / Administrator

- Fiduciary responsibilities
- Follow the plan document
- Send employee notices
- Remit plan contributions on time
- Provide data to TPA annually
- Review and approve distributions

● Recordkeeper Platform

- Hold plan assets
- Invest plan contributions and provide daily recordkeeping
- Provide participant & plan sponsor websites
- Distributions, withholding & reporting



● Retirement Plan Advisor

- Assist with vendor selection & monitoring
- Coordinate enrollment meetings
- Provide investment education
- Help limit your liability for investment choices

● Independent Administrator (TPA)

- Prepare & maintain plan document
- Complete required annual testing
- Plan design
- Prepare annual filings
- Provide ongoing plan consulting



Fiduciary Responsibility & The Easy Button

- Fiduciary Responsibility Under a 401(k) Plan
 - 401(a) – Named Fiduciary (CEO)
 - 3(16) – Administrative (COO)
 - 3(21) & 3(38) – Investment (CFO)
- The Easy Button



Fiduciary Risk You Can Hand Off

- **You carry more than you think.** Sponsoring a plan makes you legally responsible for it.
- **Coverage comes in levels.** Each step hands off more responsibility:
 - **Investment advice.** An advisor recommends funds, and you make the final call.
 - **Investment management.** An advisor selects and monitors funds for you.
 - **Plan administration.** An administrator takes on day-to-day plan decisions.
 - **Pooled plan provider.** In a PEP, the provider takes on most duties.
- **Reduce risk, never eliminate it.** Some responsibility stays with you, even in a PEP.
- **Ask the right questions.** Find out exactly what your providers are responsible for.



Pros and Cons of Bundles

- **Easy isn't always smart.** Bundled plans are simple to start but can limit your options.
- **Convenience has a cost.** Fees and service gaps often hide in the fine print.
- **Growth changes your needs.** What worked at 20 employees may not work at 80.
- **Payroll is often the anchor.** Convenience keeps employers with their payroll provider's plan.
- **Service gaps happen.** Administrators and record keepers don't always talk.



SECURE 2.0: What Changed

- **PEPs are now possible.** Unrelated businesses can share a single plan.
- **Auto-enrollment is required for most new plans.** Employees are enrolled unless they opt out.
- **Tax credits ease startup costs.** The first three years can be close to cost neutral.
- **Payroll integration matters more.** Eligibility and enrollment tracking carry higher stakes.



Pooled Employer Plans (PEPs): Pros and Cautions

Where PEPs shine

- **One plan, many employers.**
Unrelated businesses share a single plan.
- **Less work on your plate.**
The pooled plan provider handles most administration.
- **Less liability.**
Many fiduciary duties shift to the provider.
- **Can fit small businesses.**
The key is a well-defined, unconflicted PEP.

Proceed with caution

- **Very small plans face audit risk.**
A group of plans may be a better fit.
- **Not automatically cheaper.**
Fees rise as others take on responsibility.
- **Watch for conflicts.**
Look for PEPs that don't push their own funds.
- **Less control.**
Employers wanting full control may prefer their own plan.



Designing a Plan That Fits

- **Safe harbor costs money.** Budget and turnover shape how large a match makes sense.
- **Eligibility rules are a lever.** A one-year wait or three months, depending on turnover and competition for hires.
- **Participation versus budget.** Some employers accept lower participation to keep match costs down.
- **Auto-enrollment boosts participation.** Employees save more when opting in is the default.
- **Payroll integration keeps it working.** Someone has to track eligibility and contributions accurately, especially with turnover or seasonal staff.



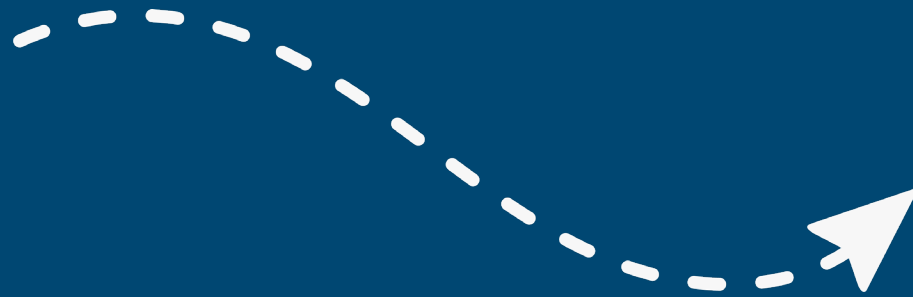
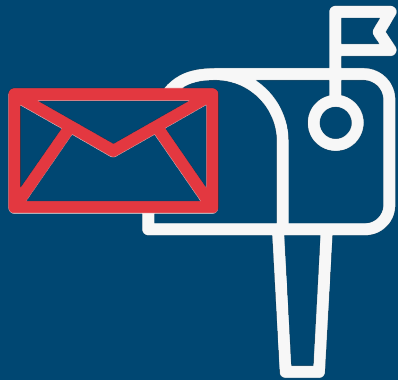
How the People Around Your Plan Get Paid

- **Asset-based fees.** A percentage of plan assets that grows with the plan.
- **Hard-dollar fees.** Flat, predictable costs regardless of plan size.
- **Fund discounts come with strings.** Recordkeepers often cut fees when you use their own funds.
- **PEPs usually carry both.** Expect asset-based and hard-dollar charges.
- **Prepackaged plans.** Predefined fund lineups trade flexibility for simplicity.



Questions?

Want more **HR guidance** in your inbox?



Join our **Employer's Handbook Community!**

Thank You!

Whether you have a question or want to learn more, we're happy to speak with you.



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