

TOP 5 MISTAKES PLAN SPONSORS MAKE

Here are the top five mistakes we see plan sponsors make pertaining to the management of their company's retirement account.

1. Failure to Follow the Plan Document: Your plan document is the rulebook you must follow in order to keep your plan in compliance with various laws and rules. It's your responsibility to know what your plan document says and to make sure you operate your plan in accordance with the terms of the document. If you don't, it could be costly to the company, to your employees, or your plan could be disqualified altogether depending on the severity of the operational failure.

2. Making Late Employee Contributions: According to the Department of Labor, you should deposit employee contributions to your 401(k) plan as soon as administratively feasible. In all cases, this should occur no later than the 15th business day of the month following the month when the contributions were deducted from pay. Once you set a contribution pattern, the DOL requires that you don't deviate from that pattern.

3. Disregarding Compensation Limits: Employees are limited in regards to the amount they contribute yearly. In 2017, an employee could contribute against \$270,000 of his salary.

4. Not Updating Annual Safe Harbor Notice: Plan sponsors who use a safe harbor 401(k) plan configuration are required to notify whether or not they will make a matching or non-elective contribution each year. Employees should receive this notice within 30 to 90 days before the beginning of your plan year.

5. Not Meeting Your ERISA 404(c) Safe Harbor Requirements: According to the Pension Protection Act of 2006, plan sponsors are liable for the investment decisions and investment performance of each employee's account, unless they meet the safe harbor requirement under section 404(c).

Don't make these same mistakes. Contact us for a free assessment of your company's retirement plan and processes.



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