

# The Pentegra 3(16) Administrator Advantage

Shift legal and operational burdens of the Plan Administrator role from your organization to ours.



 PENTEGRA

## Pentegra's 3(16)(A) Fiduciary Administration Services



### Plan Operational Oversight and Compliance

- Accept responsibility under ERISA 404(a)(1)(D) for ensuring that the plan is operated in accordance with the terms of the plan document subject to the fulfillment of any responsibilities retained by the employer
- This is an extremely broad responsibility: "operational compliance" is a catch-all term covering nearly everything that can go wrong in a retirement plan
- Includes the many requirements that must be met for a plan to be "qualified" for tax purposes
- Ensure proper documentation and ERISA 107/209 records retention



### Plan Document Administration

- Prepare plan document and ensure compliance with applicable laws
- Prepare plan adoption and trust agreements
- Prepare plan qualification package
- Ensure plan document is amended as required by new laws, regulations, and mandatory restatements
- Obtain favorable letters of determination
- Maintain records of historical plan documents



### Participant Fee Disclosure

- Identify eligibles based on plan provisions and employer-provided data and automatically mail packet to address of record
- Administer auto-enroll provisions
- Complete, up-to-date enrollment materials
- Online enrollment process with live telephone backup



### New Hire and Termination Processing

- Compliance with DOL Reg. Sec. 2550.404a-5
- Gather fee information from third parties and collate the data to create the plan's disclosure documents
- Ensure timely delivery of disclosures annually and to newly eligible employees in accordance with the DOL's rules on document delivery



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### Hardship Distributions

- Cross-reference plan document rules since each plan may be different
- Test for both existence and amount of need
- Take only from allowable sources and only after exhausting loans and ISDs
- Suspend deferrals for six months and reinstate promptly when applicable
- Keep careful documentation of every distribution for the ERISA 107 period



### Loans and Loan Repayments

- Establish written loan policy as supplement to plan document
- Review and approve loans; remove employer from loop except for payroll deductions
- Ensure amortization periods match actual payroll implementation
- Ensure each loan agreement is executed and documented
- Enforce quarterly deadlines and deemed distribution requirements



### Corrections and E&O

- SCP, VCP, Audit CAP, DFVCP, and VFCP calculations, preparation of government submission, follow-up, and implementation of corrections
- Maintain an E&O account for trustee plans to ensure an audit trail for corrections
- Maintain insurance and reserves at appropriate levels at or in excess of regulatory requirements



### Service Provider Selection and Oversight

- Prudent hiring of service providers not appointed directly by employer such as auditor and custodian
- Review vendor fee disclosures and ensure reasonableness of fees
- Responsibility for the reasonableness of Pentegra's own fees (though only the employer can make the final determination)
- Regular monitoring of Pentegra-appointed service providers to ensure they remain prudent and fees remain reasonable



### Distributions and QDROs

- Review and ensure the qualified status of domestic relations orders (DROs)
- Ensure that alternate payees are given their ERISA participant rights
- Review and approve distributions, including determinations of disability, death, retirement, or other distributable events
- Ensure that the appropriate notices are delivered and that the tax withholding rules are properly applied



### Forfeitures and Suspense Accounts

- Ensure that all unallocated monies are used to offset employer contributions, pay plan expenses, or are allocated to participants by plan year end
- Includes revenue sharing held within the plan, monies returned to the plan such as expense reimbursements, forfeitures, demutualization proceeds, legal settlements, etc.



### Participant Notices, Statements and Disclosures

- Preparation of notices and disclosures such as SPD, SMM, SAR, 404(c), QDIA, ACA, Safe Harbor, and 402(f); contrast with how a non-fiduciary TPA provides a boilerplate document the employer is supposed to review and approve
- Ensure document delivery compliant with DOL rules on electronic disclosure
- Includes beneficiaries, alternate payees, and other "interested parties"



### Plan Audits

- Select and monitor plan auditor in accordance with joint DOL/AICPA guidelines
- Negotiate volume discounts
- Serve as primary liaison with auditor; remove employer from loop to the maximum extent possible
- Prepare plan financial statements to meet the letter of AICPA independence guidelines
- Obtain and make available an SSAE 16 audit on internal controls to allow for a limited scope audit





### Contributions

- Establish and enforce ERISA 402 funding policy for timing of remittances
- Maintain proper source accounts and tax basis
- Ensure proper investment of contributions of “defaulted” participants
- Ensure rollovers into the plan are from qualified sources



### Government Filings

- Prepare and submit filings such as Form 5500 Annual Report with applicable Schedules, Form 5558 extensions, Form 5330 prohibited transaction tax reports, PBGC premium filings, and more
- Tax reporting, state and federal, including 1099-R, 1096, 945, and 1099-MISC



### Claims and Benefit Determinations

- Establish and administer ERISA-compliant claims process
- Verify identity of beneficiaries
- Make benefit determinations in accordance with the plan document and ERISA
- Ensure QJSA/QPSA rules are met and proper waivers obtained, including spousal consent on all loans and distributions with respect to protected sources



### Compliance Testing

- Determine plans to include for compliance testing
- 401(a)(4) Nondiscriminatory Allocations
- 401(a)(9) RMD
- 401(a)(26) Minimum Participation testing
- 402(g) Excess Deferrals
- 404 Maximum Deductible Contributions
- 410(b) Minimum Coverage testing
- 414(s) testing for non-safe harbor compensation
- ADP/ACP testing
- 415 Annual Addition testing
- 416 Top Heavy testing
- Nondiscriminatory Benefits/Rights/Features
- Determine Highly Compensated Employees and key employees
- Prepare comprehensive compliance reporting package
- Provide detailed analysis of testing results
- Develop corrective scenarios in the event of test failures



### Annual Plan Review Process

- Establish plan governance process and checklist
- Provide completed checklist and annual review report annually
- Review service provider performance and fees



CAN WE ADD A CALL OUT HERE

The Pentegra 3(16) Advantage: We don't merely help with these tasks,  
we are responsible for them.

Follow our thought leadership and join the conversation.



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