

REGULATORY Update



QUARTERLY UPDATE, JANUARY 2016



Get Your Plan Healthy This New Year!

A new year presents a great opportunity for retirement plan sponsors and fiduciaries to thoroughly review all facets of their plans. Consider taking the following actions to help ensure good plan and participant health in 2016.

→ **Establish or review plan metrics.** Analyze average participant balances, participation rates, and fund balances. Comparing current figures with prior-year statistics may yield insights about where you should focus attention or gaps that need to be filled.

→ **Analyze the plan design.** Are your plan's features structured to achieve plan goals? Does the plan provide an attractive benefit to your employees and incentivize them to save for retirement? Has the design of the plan kept pace with the needs of employees and the business? Reviewing the design with your retirement plan advisor can help you stay current and forward-thinking.

→ **Improve participant savings rates.** Are your employees prepared for retirement? Are they saving enough? Do they understand the positive impact that their workplace retirement plan can have on their future well-being? Talk to your retirement plan advisor about how a meaningful retirement savings education strategy can make a difference to your employees.

→ **Review investment options.** The plan's investment vehicles should reflect the criteria set forth in the investment policy statement (IPS). Does the investment menu cover desired sectors and categories? Does a particular offering still meet its investment objective? A thorough review

with your retirement plan advisor will help ensure that the investment choices don't stray from the guidelines established in your IPS.

→ **Scrutinize plan fees and expenses.** Implementing a strategy for ongoing expense monitoring and benchmarking is vital. Plan sponsors have a fiduciary responsibility to know whether fees charged to the plan are reasonable, and most industry experts recommend that formal benchmarking be conducted at least every two years.

→ **Monitor service providers.** Plan sponsors may share culpability for the errors of plan providers, so it's important to be sure that they are doing their jobs. Also, asking vendors about changes in services, new products, and technology may reveal opportunities for increased efficiency or cost savings.

→ **Document, document, document.** Keeping well-organized records of plan documents, vendor correspondence, procedures, forms, and agreements not only saves valuable time, it also helps guard against potential liability in the event of an audit.

→ **Plan ahead.** Periodic meetings (at least quarterly) will help you keep a finger on the pulse of the plan. Employee education, benefits committee, investment committee, and plan sponsor meetings are integral to the overall health of the plan.



Optional Compliance Questions Among Changes to 2015 Form 5500

In December, the Department of Labor (DOL) and Internal Revenue Service (IRS) announced modifications to the Form 5500 series, including a new set of compliance-related questions that are optional for the 2015 plan year filing. The introduction of the questionnaire is widely seen as a continuation of ongoing efforts by the DOL and the IRS to enforce adherence to retirement plan compliance requirements.

The compliance topics covered in the new questionnaire include:

- Nondiscrimination testing methods and satisfaction
- Trustee and custodian information
- In-service distributions
- Plan features and design
- Satisfaction of required plan amendments

Although plan sponsors are ultimately responsible for electronically filing a Form 5500 on an annual basis, many outsource the preparation of Form 5500 to outside service providers, such as third-party administrators (TPAs), recordkeepers, and CPA firms. We recommend that you ask whether or not the preparer of your plan's Form 5500 will be including the optional questionnaire and, if so, what documentation will be required in order to answer the questions accurately.



Important Reminder: Restate Plan Documents for Pension Protection Act (PPA)

Approximately every six years, the IRS requires retirement plan documents to be restated and resubmitted for approval. The deadline to complete restatements is April 30, 2016. If your plan has not undergone the mandatory PPA restatement, contact your service provider or TPA to inquire about the restatement process timeline.

A helpful hint for plan sponsors: Contemplate any impending plan document amendments and coordinate them with the mandatory PPA restatement.



We Can Help

Our firm is available to offer guidance and consultation as you prepare for the year ahead. If you would like to review any aspect of your retirement plan, please call us to schedule a meeting.

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