

401(k) Responsibilities & Liabilities:

BEFORE AND AFTER

Your Responsibilities **before** TAG 401(k) Advantage

Serve as the plan sponsor, and named fiduciary positions for your 401(k) plan, adhering to the requirements of ERISA and IRC for qualified plans

Design plan document and maintain qualified status

Produce and maintain an Investment Policy Statement (IPS)

Comply with ERISA Section 2550.404(c) provisions for participant communication, including but not limited to:

- Notice to participants of intention to comply with 404(c)
- A description of investment alternatives available in the plan
- General description of the investment objectives and risk and return characteristics of each alternative
- Description of transaction fees and expenses which affect the participant's account balance
- Specified information regarding the plan fiduciaries
- Provide prospectus on investment alternatives
- A description of the annual operating expenses of each designated investment alternative
- Copies of prospectuses, financial statements, and reports provided to the plan

Oversee and manage process, in conjunction with TPA, for annual filling of Form 5500

Serve as trustee of the plan

Provide for annual audit of the Plan

Conduct periodic Investment Committee meetings, generally requiring review of investment options, fees and expenses

Administer participant loans in compliance with statutory requirements of non-discrimination, tracking of loan payments including interest charges

Administer hardship withdrawals in compliance with the Hardship Rules, included in new provisions of Pension Protection Act of 2006

Send out enrollment packets including Summary Plan Description (SPD), 404(c) Compliance Information, Qualified Default Investment Alternative (QDIA), and Explanation of Expenses

Send out participant requests and/or instructions in compliance with 404(c)

Audit, reconcile and submit 401(k) file to TPA each pay period

Review and validate Compliance Testing

Submit Year-End Census Data to TPA

Send out required Year-End Notices to participants (i.e. Safe Harbor, Summary Annual Report / SAR)

Coordinate open enrollment meetings

Administer distribution and rollover requests or terminated employees

Administer participant eligibility and entry date provisions

Pay for annual audit for large plans

Collect funds and submit the funds in a timely manner

Your Responsibilities **after** TAG 401(k) Advantage

Serve as an adopter of the plan

Provide initial year-to-date employee census file, and accurate payroll data each pay period on or before each check date

Annually provide requested information for year-end testing and employee W-2 information

TAG's Fiduciary Services are offered to help employers concentrate on running their business by reducing time spent on nonrevenue producing activity and removing to the greatest degree possible the liability associated with offering a 401(k).

So who is a fiduciary? The Plan Sponsor in most situations is the employer in regards to a benefit plan. Tied to that role is the plan administrator role, the plan manager and the investment manager. Each of these roles has fiduciary responsibilities and liabilities associated with them.

Your Liabilities before TAG 401(k) Advantage

Plan Administrator, or ERISA 3(16). A Plan Administrator has discretionary authority over the day to day duties and aspects of a qualified plan. **ERISA Section 3(16)**: The term "administrator" means the person specifically so designated by the terms of the instrument under which the plan is operated.

Named Fiduciary, or ERISA 3(21). This role is a named fiduciary with discretion over the disposition of plan assets, plan operations, appointment of other fiduciaries, and hiring/firing of service providers. **ERISA Section 3(21)**: a person is a fiduciary with respect to a plan to the extent he exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets, or he has any discretionary authority or discretionary responsibility in the administration of such plan.

Investment Manager, or ERISA 3(38). This role is specific to the investments inside the plan. In this role, the designated 3(38) fiduciary has absolute discretion over the investment offering of a plan. The role of the 3(38) is in the selection and monitoring of the investments on an ongoing basis. **ERISA Section 3(38)**: The term "investment manager" means any fiduciary, other than a trustee or named fiduciary, who has the power to manage, acquire, or dispose of any asset of a plan; who is registered as an investment adviser under the Investment Advisers Act of 1940 and has acknowledged in writing that he is a fiduciary with respect to the plan. The 3(38) role is assumed by the plan sponsor unless the role is specifically outsourced to an Investment Advisor.

Your Liabilities after TAG 401(k) Advantage

Select the provider and document decision on why the provider (TAG) was selected.

Monitor the provider (TAG). Receive and review reports provided by TAG to document that TAG is performing their duties as the Plan Sponsor.

TAG's mission is to make retirement plans accessible to all. To this aim, it created the country's first 'open' multiple employer plan (MEP) in 2004. Since the initial blueprints for the Open-MEP in 2002, to offering it to the public in 2004, the company exclusively worked on multiple employer plans. TAG's constant feedback from clients and service providers has led to several innovative solutions on the MEP solution. This is why the company enjoys a 98% retention rate with those that choose to work with it.

TAG's model is the basis for the 'open' or 'unaffiliated' MEPs in the marketplace today. The idea behind an MEP is threefold: first, that you can leverage better pricing than you can achieve as a small to mid-sized business; second, a more cost effective way to mitigate the risk of running a plan to external fiduciaries; and third, the efficiency of outsourcing the administration attached to running a retirement plan. Prior to TAG building the open-MEP concept, associations, trade groups, and PEO (Professional Employer Organizations) were the only way to gain access to the benefits of multiple employer plans. TAG has long known that, properly done, an MEP is the best way to benefit the most people.

TAG's MEP solution is marketed through Transamerica Retirement Services (Transamerica). Transamerica offers the most extensive multiple employer plan recordkeeping system in the industry, and the dedicated service professionals at Transamerica are a key reason for the success of TAG's program.



TAG Resources

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