

4 Reasons To Review Your 401(k) Plan Now

Here are **4 practical reasons** why employers should prioritize a top to bottom **review of their 401(k) plan today** – to increase your value proposition with strategies to better serve employees while helping to avoid costly issues and liability exposure.

1. Bolster support for financially stressed employees

Companies are struggling to recruit and retain quality workers. Adding financial wellness assistance provides a much-needed benefit to help alleviate worker stress over money matters. The 401(k) can be reimagined to provide more than long-term retirement security, addressing holistic financial challenges by including:

- Financial wellness counseling
- Emergency savings
- After-tax savings strategies
- Student-loan repayment dollar matching opportunities, and more

2. Minimize fiduciary and administrative liability

Plan reviews are integral to helping employers avoid compliance issues from growing into potentially bigger and more costly liability exposure.*

Employers are also becoming more aware of opportunities to offload liability by outsourcing certain plan sponsor responsibilities and risks.

Specifically, over the past three years, the marketplace has experienced:

- A 250% growth rate in outsourced fiduciary 3(38) investment services¹
- A growing trend to transfer administrative duties to a 3(16) administrative service provider³

3. Monitor participant fees

Plan sponsors have an obligation under ERISA to ensure that the fees paid by participants are reasonable for the services offered, which many fail to complete while balancing other priorities. This can easily be addressed via a plan review which considers the compensation of the recordkeeper, underlying investments, any third-party administrator, and the financial advisor.

4. Assess your overall plan health

A common misconception of 401k is that once a plan is in place, no further involvement is required. That couldn't be further from the truth – 401(k) plans are dynamic, requiring ongoing updates to reflect legislative and regulatory rule changes, along with adopting new features that will better serve your employee demographic (improve participation, savings levels, and investment strategies).

A plan review can allow you to:

- Assess your 401(k) plan health
- Determine a baseline on performance and identify areas for improvement
- Consider tools that may make a meaningful difference in your employees securing a better retirement.

*The pace of participant ERISA lawsuits continues to increase with over 200 filed in 2020, an 80% increase over the prior year. In addition, the DOL conducted 1,122 civil investigations during the year, with 67% resulting in the most ever monetary damages or corrective changes.²

Contact [Michael Rom](#) at Pensionmark today to take advantage of our complementary plan health analysis.



Michael Rom, Managing Director at Pensionmark, is a 30-year veteran of the financial services industry and an advocate to help companies get their employees on track for retirement. Michael serves small/midsize enterprises to help remove the complexity and friction in delivering the 401(k) benefit and rolling up the sleeves to guide employees in becoming more efficient and confident with day-to-day financial issues.

¹2020 Prudential Retirement Plan Sponsor Survey, 2020.

² Fact Sheet EBSA Restores Over \$3.1 Billion to Employee Benefit Plans, Participants and Beneficiaries, U.S. DOL, EBSA. October 29, 2020.

³ Pensionmark Financial Group, LLC does not offer 3(16) fiduciary services