THE NEWMAN GROUP
of Oppenheimer & Co. Inc.

Cynthia D. Newman | (212) 667-4159 | cynthia.newman@opco.com
Morgan Newman | (212) 667-4160 | morgan.newman@opco.com

Is It Time for Your Annual Plan Check-Up?

RETIREMENT SERVICES

Administrative service changes. Executive options. Fiduciary responsibility. There was a time when the only people paying attention to these were plan sponsors and their plan consultants. No more. It's no secret that the recent spate of corporate accounting scandals have helped fuel an all-too-common public mistrust of the financial activities of companies. As one of the people responsible for your company's 401(k) plan, you are going to face more scrutiny than ever before. It's extremely important that you handle all plan administration duties with the utmost care. A heightened regulatory environment, increasing costs, and ever-changing participant needs expose your company to ongoing fiduciary liability.

Now's the time to re-evaluate your retirement plan to make sure that it continues to meet all of your needs. You've gone through a lot of trouble to set up and maintain your retirement plan, but that doesn't mean it's still working the way it was initially intended to work. Oppenheimer realizes that you may not have the time to start an intensive search for the right consultant to help you evaluate your plan and determine its weak points. That's why we've created this easy-to-understand listing of a few major areas you might want to investigate in the assessment of your plan. This list is by no means inclusive, but it can serve as an excellent starting point.

1. What is the purpose of your retirement plan?

Sounds like an obvious question, right? But it isn't. That's why it's important to look over any plan documents that might describe what needs your plan was designed to meet. Your plan should seek to find the middle ground between giving you the best value and keeping costs appropriate.

2. Assess your retirement program design

Once you know how your plan was supposed to work, it's time to do a systematic review. Is your plan document out of date? Does it meet your goals? Are there new "extras" now available to you that weren't available when your plan was initiated? Are there new ways to help minimize fiduciary responsibility? Are the investments currently available still appropriate? As fiduciary, you should monitor your plan regularly to make sure it keeps pace with the industry.

3. Understand your options

Retirement plans have lots of moving parts to track. Are you aware of any changes in asset allocation theory? Have plan costs increased significantly since it was put into place?

Do you foresee, or have you been informed of, further cost increases? Has your plan grown in size, possibly allowing a reduction in cost?

4. Review committee roles and responsibilities

It's time to take a look at your own role and the role of your co-workers in your plan. What processes do you use to make plan-related decisions? Are they prudent in light of Internal Revenue Service (IRS) guidance? Have decisions been made solely in the interest of plan participants? Is the process efficient, and does it work? Are there members of the committee who are too busy to put in necessary time to make prudent plan decisions?

What past decisions have been made about important plan design topics like investment options and plan responsibilities?

5. Administration practices and procedures

Don't wait for an IRS or DOL audit to tell you what changes need to be made to your plan. Do your best to ensure that your plan is working the way it should. Are company contributions being deposited and invested in a timely manner? Are new participants being appropriately educated on how to use their plan? Are you passing annual non-discrimination testing?

6. Costs

America's belt has tightened. The costs of retirement plans have gone up for many employers. Administrative and recordkeeping costs have probably gone up. Sometimes the fees mirror fees at other companies. But sometimes they do not.

7. Make a Move

It's easy to be intimidated by all you have to do to update or improve your retirement plan. But this is one circumstance in which procrastination should be avoided. If your plan was created more than two years ago it should be reviewed and your preliminary research will most likely reveal that.

Plan sponsors often design their retirement plans to accomplish business objectives—subject to the Internal Revenue Code's tax qualification rules. However, once designed and established, retirement plans must be operated for the exclusive benefit of the participating employees. This means getting your plan evaluated regularly, and acting on the information you find in a timely manner.

Give us a call.

Cynthia D. Newman, CRPC®, CRPS®
(212) 667-4159 | cynthia.newman@opco.com

Morgan Newman
(212) 667-4160 | morgan.newman@opco.com

Oppenheimer & Co. Inc.
Chrysler East
666 Third Avenue,13th Floor
New York, NY 10017