



ADMINISTRATION | April 30, 2020

Plan Sponsor Due Diligence in a Demanding Time for Recordkeepers

Plan sponsors can show compassion for their recordkeepers, while at the same time ensuring they operate smoothly.

Reported by LEE BARNEY

While recordkeepers are under considerable pressure, they are showing compassion for participants during the coronavirus pandemic. From waiving fees to offering additional services, recordkeepers, third-party administrators (TPAs) and advisers, as well as financial wellness providers, [to assist plan sponsors and employees](#) in a number of ways.

Plan sponsors can, in turn, show compassion for their recordkeepers, while at the same time ensuring they operate smoothly.

In a [blog post](#) on The Wagner Law Group's website, attorneys say operating during this "strain" on recordkeepers' business continuity plans (BCPs) "and creates new challenges. The attorneys list action items for retirement plan service providers.

The Coronavirus Aid, Relief and Economic Security (CARES) Act created a new emergency option dubbed the "coronavirus related distribution," or "CRD" for short. A CRD can be taken from a 401(k) or 408(a) contribution (DC) plan or from individual retirement accounts (IRAs) in any amount up to \$100,000 or 100% of their account balance, or double the amount of loans that participants can take—from \$50,000 or 50% of their account balance, to \$100,000 or 100% of their account balance.

The attorneys note that recordkeepers that offer volume submitter or master prototype plans should amend the plans and distribute a summary of material modifications to allow for the COVID-19 challenges to document execution and obtaining signatures, the negative election process, and other issues where available," the attorneys advise providers.

Paul Neuner, managing director and founding partner of Concurrent Advisors, says the common among recordkeepers. "Many recordkeepers have used negative election and narrow window to make the necessary modifications," Neuner says. "This is largely due plans they serve. If a sponsor desires to sign, then it would be prudent for them to be i vendor."

However, Marcia Wagner, owner of The Wagner Law Group, tells PLANSPONSOR it is n get actual signatures if they are running an individually designed plan. "With respect to there is a distinction between individually designed plans and standardized and non-st says. "Only in very limited circumstances has the absence of a written signature been e connection with an individually designed plan. Standardized and non-standardized pla They will frequently provide a default version of a plan amendment, and if the plan spc amendment, no further action is required."

The Wagner Law Group suggests recordkeepers train their call center representatives i withdrawals, COVID-19-related withdrawals and the consequences of each. Recordkee the supervision in place to ensure these reps are only providing education, not advice,

"While a plan sponsor can certainly inquire of a recordkeeper if it is adequately training respond to the new questions that they will be receiving, the recordkeeper is in a better determination than the plan sponsor," Wagner says.

The Wagner Law Group says many recordkeepers are closing offshore call centers and challenges if a significant number of employees are required to quarantine because of that with increased call center volume, if possible, recordkeepers should expand their i suggests one way to address this need is to turn to a broker/dealer (B/D) firm with the services and/or to redeploy staff from other departments.

Neuner believes inquiring about adequate staffing, particularly as call volumes are spik for sponsors to be asking of their recordkeepers. "Plan sponsors should never have a ' relates to running a retirement plan, especially if the vendor is serving as a directed tru should have regular checks and balances for various types of vendor activities."

The Wagner Law Group says that besides ensuring recordkeepers' call centers are ope

also confirm that all of their [recordkeepers'] operations (e.g. investing, trading, investc required recordkeeping) are all functioning as anticipated under their business continu functions are occurring remotely."

Wagner thinks it is unlikely that the contracts sponsors have with their recordkeepers r likely, they do address how the recordkeeper will be able to continue to function in the the existing agreement with the recordkeeper may not specifically reference business r may contain a force majeure provision. That provision, in all likelihood, will not address generally how the recordkeeper is to respond in an emergency situation. The plan spo business continuity plan has been working and if there have been any glitches, but if it working well, it probably has no further duty of inquiry."

Recordkeepers with BCPs that do not have procedures for pandemics should add then blog says. Recordkeepers' BCPs should call for having emergency contact information f based systems to reduce the risk of inadequate security around mobile devices, the law

The blog says that while the U.S. government has not indicated when the stay-at-home much of the country are likely to be lifted, recordkeepers should be prepared to contin for the next three to six months.

Neuner says "the pressure on recordkeepers is tremendous. Call centers are receiving huge swings in activity, with much of the conversations from concerned to panicked pa [sponsors to help their participants weather the current market volatility](#) by focusing or

Tags

[Recordkeeping](#)

Reported by

[Lee Barney](#)

Reprints

Please contact the PLANSPONSOR Reprint Manager, [Michelle Judkins](#).

You Might Also Like:



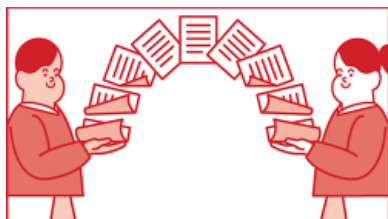
COMPLIANCE | April 29th, 2020

ERISA Lawsuit Against Trader Joe's Dismissed



DEALS AND PEOPLE | November 25th, 2019

Charles Schwab to Acquire TD Ameritrade



ADMINISTRATION | November 1st, 2019

Evolving Best Practices: Recordkeeping Fees

