PACIFIC RETIREMENT PARTNERS

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The 401(k) Newsletter

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401 (k) Plan Record Retention: Be a Saver

One of ERISA's key rules for benefits plans pertains to the retention of plan documents and records. Let's review how ERISA's mandates apply to your retirement plan, as well as how to keep your records and files tidy while fulfilling your fiduciary responsibilities.

ERISA Sections 107 and 209 state that plan and participant documents, records, reports, and information must be retained for a period of six years after the filing date or, in some cases, retained in perpetuity. Here's a basic list of items—organized into two categories—that retirement plan fiduciaries must retain for the specified periods:

Keep these records in perpetuity: Executed plan documents (original 401(k) plan document, adoption agreement, amendments, restatements, and summary plan description)

Documentation related to investment or retirement plan committee meetings (investment policy statement, meeting minutes, quarterly or annual financial reports, and internal electronic or written communications that discuss the decision-making process)

Forms used to process distributions, loans, qualified domestic relations orders, and hardship distributions, including backup documentation

Keep these records for at least six years: Plan sponsors benefit too! Annual tax filing forms (IRS Form 5500, summary annual reports, and, if required, audited financial statements)

Participant records and forms pertaining to salary deferral elections or changes; plan enrollment; dates of hire, termination, and eligibility; compensation; beneficiaries; and breaks in service Annual nondiscrimination testing results

Fidelity bond coverage and/or fiduciary insurance coverage

Participant communications (e.g., enrollment materials, educational seminar materials, and 404(a)(5) fee disclosure notices)

Electronic Storage Considerations: If your office is paperless, the use of technology to store documents is allowable under ERISA, provided some key conditions are met. If your plan's recordkeeper, third-party administrator, or plan advisor offers virtual fiduciary vaults, you can use this option to maintain records electronically in compliance with ERISA's document storage mandate. And here's another big benefit of electronic storage: if your plan is audited by the IRS or the Department of Labor, providing complete, accurate documents, reports, and records upon request will be simple. Not only will you save time and energy, but you could avoid paying penalties for failure to comply with ERISA's record retention requirements.

To sum up, retirement plan fiduciaries should focus on two key principles to stay compliant with ERISA record retention rules: organization and preparedness. Having—and abiding by—an efficient system for retaining retirement plan documents is paramount!

Tipping the Talent Scale: Robust Retirement Plans

According to recent U.S. Bureau of Labor statistics, unemployment rates are at historical lows and hiring trends remain strong. Yet wage growth is tepid, and employees are leaving jobs for better opportunities. Job candidates have choices, so employers need to be creative to win them over. In a survey conducted by the Society for Human Resource Management (SHRM), organizations that offer benefits such as a retirement plan reported better overall company performance than those that did not (58 percent versus 34 percent).

Powerful Plan Designs So, how can you leverage the power of retirement plan benefits? What will influence the decision-making of future and current employees? Here are four persuasive features to consider:

1. Focus on financial wellness. Step outside the traditional box of retirement planning education and deliver guidance on other financial topics as well. Help employees save for college expenses, manage debt, and handle estate planning. Programs like this do more than improve financial literacy—they foster employee loyalty, satisfaction, and productivity. **2.** Take a fresh look at your company match. Is the matching contribution an attractive incentive for top candidates? How does it measure up against industry-peer averages? Are employees immediately eligible to receive the match, or do they have to wait a year? **3.** Go beyond the 401(k). To attract top executive candidates, profit-sharing, cash balance, defined benefit, deferred compensation, and employee stock ownership plans are effective benefits. Think about alternative plan designs that give key talent a bigger slice of the pie. **4.** Offer a generous vesting schedule. When comparing two job offers, employees may consider the length of time required to become 100 percent vested in the employer's retirement contributions. Adjusting the schedule (e.g., changing a five-year schedule to a three-year schedule) may turn the decision in your favor.

PRP Annual Volunteer Day

This summer PRP spent the day volunteering with our investment friends from Becker Capital Management, Nuveen Investments, and Fidelity Investments at the Rebuilding Center's lumber salvage lot in NW Portland.

We didn't know what we were in for getting this crew together to swing hammers and crowbars. Our simple, but sometimes challenging task, was to eliminate nails, screws, tacks and staples from donated salvaged lumber without losing a finger or needing an emergency tetanus shot. Joe (a self-proclaimed nailing pulling expert) was quick to offer unsolicited pro tips to the group on how to pull nails. His nail pulling coaching probably did more harm than good.

In the end we came through with only one cut and a few bruises and two large loads of lumber ready to sell. Proceeds of the lumber sales go towards employee wages and assist with building tiny homes for the homeless. We were happy to contribute a little bit of our time to a great cause in the Portland area. Of course after a day of dirt, sweat, and nails, we celebrated the day with burgers and a few beers.

Joe, Jay, Charles, Rachael, Richelle and Greg

https://www.rebuildingcenter.org/