

The Key Players

Getting to know your retirement plan team.

As a Plan Sponsor, running the day to day functions of a retirement plan can be overwhelming. When a question comes up, do you ever get confused as to who you should call? This article helps break down the inner workings of a retirement plan and how they work together to successfully administer your program.

Recordkeeper

The recordkeeper does just that – keeps the records. This entity is typically responsible for providing a platform for the company to see the status of the plan daily. Through this web portal, Plan Sponsors can upload payroll files, monitor the overall balances, run custom reports, and sometimes even approve loans. The goal of the recordkeeper is to support all administrative tasks that need to be completed by the different parties involved.

The recordkeeper is to provide information to help the participants enroll into the program and set up a username and password. Recordkeepers' abilities can vary by provider – for example, some may not have online loan or distribution approval and may use paper forms for those processes.

Third Party Administrator

This entity is typically responsible for creating and updating the plan document as well as other administrative and compliance functions surrounding the retirement plan. At the end of the year, this company will help file the Form 5500 after it's been signed by the Plan Sponsor and will conduct any required compliance testing.

If a recordkeeper is providing a "bundled" service model, the responsibilities of the TPA may be done by the same entity that is functions as the recordkeeper.

Custodian

The custodian doesn't necessarily interact with the Plan Sponsor on a daily basis. This company will hold the assets of the retirement plan. When distributions or contributions flow through the plan, the actual money will be in the care of the custodian. Remember - the records of these transactions are at the recordkeeper level. The custodians' role is to guard the assets and release funds when asked to do so.

Advisor

The advisor is not a mandatory role for a retirement plan to function, but can be an integral component to the overall success of the plan and participant outcomes. The advisor should consider themselves a fiduciary, or co-fiduciary, and will typically implement an Investment Policy Statement to help govern the philosophy and documentation of investment monitoring. In addition, this entity may help educate employees and conduct one on one meetings with these individuals. It's important to make sure this entity is well-versed in retirement plans and their administration, as their involvement is integrated into all aspects of the plan. Think of this entity as the "quarterback" for the retirement program and between all parties.

Plan Sponsor

That's you! A plan sponsor is the person administering the retirement program for the benefit of the participants and their beneficiaries. This may be one person or a group of people that hold fiduciary responsibility due to the daily tasks performed regarding the plan. The Plan Sponsor is required to be as educated as possible in all functions of the program and may hire an advisor or outside third parties to help mitigate those duties.

Trustee

This is the entity whose name is listed on the Plan Document and is solely responsible for making decisions, selecting vendors and authorizing actions, such as the management of funds, the holding of the assets within a trust, and the features and benefits of the retirement program. The trustee usually has exclusive authority and discretion over the control of plan assets unless otherwise specified in the plan document – for example, delegating control over investment decisions to an advisor.

Statherós Financial Solutions is here to simplify your team and clarify who's in charge of what. If you have any questions, please don't hesitate to contact us now!