

## 3(16) Fiduciary Services

3(16) Plan Administrators are named in the Plan Document and have a fiduciary responsibility for the day to day operation of the retirement plan. Some of their responsibilities include:

- Select and monitor service providers
- Determining eligibility
- Ensure timely deposit of contributions
- Interpret plan provisions
- Approve or reject loans and withdrawals
- Fix operational errors
- Maintain records
- Obtain and monitor Fidelity Bonds
- Sign Plan Documents
- File Form 5500
- Provide participant disclosures and notices

Penalties for not properly meeting the administrative obligations include:

- Failure to file Form 5500: - IRS penalties of \$250 per day, up to a maximum of \$150,000. DOL penalties of up to \$1,100 per day, with no maximum.
- Failure to provide required disclosures: DOL penalties of \$110 per day per participant per notice.
- Late employee contribution/loan payment deposit: Earnings calculated on deposit with 15% IRS penalty.
- Missed Participant Eligibility: Possible contribution deposit by the employer of a percentage of the missed deferral, plus any entitled matching contributions.
- IRS sanctions for non-corrected errors.

You may ask: **“Isn’t my TPA responsible for these items?”**

Actually, the answer is no. Your TPA will assist you with completing the tasks needed to comply with your fiduciary responsibility. However, it is the Plan Administrator that is ultimately responsible for making sure each task is complete and accurate.

A 3(16) Fiduciary may outsource some of their duties limiting their liability over the delegated functions to selecting and monitoring the fiduciary. In addition to the reduced liability, outsourcing certain fiduciary functions has other benefits – such as time savings, reduced HR staff burden and assurance in having an expert responsible for functions for which they are qualified.

It is important to note that as the Plan Sponsor you cannot completely remove all of your liability. You are still responsible for selecting and monitoring your delegated fiduciaries. Choose who you delegate these responsibilities to prudently. Not all delegated 3(16) Fiduciaries are the same. Dunbar, Bender & Zapf, Inc. has been in business since 1991 and has a staff of more than 70 employees. The size and depth of our firm allows us to have selected a dedicated team of experienced detailed individuals within our organization specifically tasked with acting on your behalf as fiduciary.

Contact DBZ at [proposals@dbzinc.com](mailto:proposals@dbzinc.com) or 412-263-0102 to discuss plan design options

Since 1991 our more than 70 professionals have provided companies, just like yours, with recordkeeping, administration and actuarial services for their retirement plans. DBZ services more than 2,500 clients ranging in size from 1 to several thousand employees. We are proud of our reputation for providing efficient, accurate and affordable services to our clients.

## 3(16) Fiduciary Services

Dunbar, Bender & Zapf, Inc. will help reduce your burden. We offer three individual service modules for 3(16) administration so you can customize our service offering to your needs:

### Module 1

#### ADMINISTRATIVE

##### Plan Document

- Adopt and Maintain Plan Document
- Adopt amendments to comply regulatory and discretionary changes
- Interpret plan document

##### Nondiscrimination & Testing

- Authorize corrective action, refunds and/or distributions for non-discrimination testing and annual limit failures
- Adopt amendments to correct non-discrimination and coverage failures

##### Distribution, Loans & QDRO

- Receive and authorize participant distribution and loan requests
- Verify and authorize allowable amounts for distributions and loans
- Authorize (payroll provider) to remove loan payments from payroll
- Communicate with participants regarding distribution and loan issues, authorization and denials
- Receive proposed QDRO submissions and determine validity
- Advise parties of the receipt of proposed QDRO and provide copy of QDRO procedure
- Approve segregation QDRO balance and authorize distribution to alternate payee

##### Reporting & Other

- Sign government forms
- Monitor and Review Fidelity Bond

### Module 2

#### ENROLLMENT, PAYROLL AND OTHER RELATED FUNCTIONS

##### Determine Eligibility

- Provide enrollment materials: enrollment forms, beneficiary designation and elections
- Receive, review and retain completed elections
- Provide completed elections to fundholders, payroll service, and Plan Sponsors
- Review and ensure auto-enroll & autoincrease procedures
- Confirm salary deferrals and loan payments and properly reflected on pay date payroll reports
- Submit salary deferrals and loan payments
- Ensure timely remittance of salary deferrals and loan payments

### Module 3

#### DISCLOSURES

- Provide participant statements directly to the participants
- Provide quarterly/annual notices to participants, including safe harbor, QDIA, investment disclosures for ERISA 404(c), 404(a)(5)
- Provide summary annual reports
- Provide Summary Plan Description and Summary of Material Modifications to participants
- Provide, if applicable, blackout notices, notice of diversification rights, 204(h) notices
- Locate Missing Participants

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