

HICKS NOTES

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HIRING A GOOD TPA CHECKLIST

In aviation, everything has a checklist. This helps you remember the important things you need to do so you can fly and arrive safely. In that spirit, I offer the following as a 'TPA Checklist' so you can review the important issues and make sure you are working with the right TPA on the administration of your retirement plan. In addition, under the disclosure regulations, it is your duty as a fiduciary to know these issues.

EXPERTISE: It all starts with the qualifications and experience of your administrator. If a company is growing rapidly, they may be forced to hire inexperienced staff. Do they have an Attorney on staff? Does the company have the experience and wherewithal to make sure the work is done properly? Are you able to get legal opinions or do they ignore or pass the buck when these issues arise?

In addition, are you in a bundled product with a payroll company or other arrangement where you don't know exactly who is doing the administrative work? Many bundled arrangements are sold on ease of administration, yet their expertise is in something other than pension administration. Payroll providers tend to offer limited plan design, limited fund line up, and poor service. Payroll bundled plans are a red flag for potential legal issues. Ultimately, any mistakes are the client's responsibility when the IRS or DOL come knocking.

TURNOVER: While an adjunct to experience, TPA turnover shows a lack of management skills and results in more chances for errors. Look for long term staff to be assured you will be working with the same person year in and year out. This continuity helps with communication and accuracy over the long term.

SERVICE: Are your calls being answered? Is your TPA proactive with new ideas or plan design options to help the owners maximize their plan's outcome? Is the work performed timely and accurately? When a problem arises, are you given options for solving the problems or just told what to do? Great service is an art - look for it in your TPA or make a change.

Often poor service is a symptom of the issues mentioned above.

FEES: Are the fees outlined in an understandable way? Are you being "nickel and dimed" with extra fees for phone calls, 5500 form filings, trust accounting, or just add-ons because they can? Too many TPAs have a published fee schedule, but the actual bills are much higher. Compare your bill with the fee schedule and make sure you are getting what you paid for.

Offsets are another area ripe for TPA abuse. Do you know how much your investment company is giving to your TPA in third party payments? Are these payments being offset against your bill? They should be. **Disclosure regulations require Plan Trustees know how much and to whom all payments are made and the services they are receiving for these payments.** So many hide these payments. It is your duty find them.

COMMUNICATION: In addition to service, TPA communication is paramount to running a plan. Is your TPA communicating with your CPA and Financial Advisor? Are they giving you answers in an easy basic way so you can understand? Are they playing hide the ball by omitting important issues you need to know, but don't know to ask? Too many TPAs just want you off the phone. Does the TPA provide resources for greater understanding? Such as newsletters including links to articles, reminders of fiduciary duties and new issues and laws as they arise? A good TPA will give you the big picture so you can understand the various issues and history, so clients are able to make better and informed decisions.

BOTTOM LINE: If you are having any issues with your TPA, make a change. It is easy and efficient given the electronic nature of files and documents. We don't charge any take over fees and can solve any outstanding problems that may exist. Don't spend additional time in a bad relationship, when there are better options out there. As always, we are here to help.