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**By: Debbie Rath**

## HIRE THE RIGHT TPA

Do you have or are you considering a 401(k) plan for your employees? You'll need to have a Third-Party Administrator (TPA) who works to ensure your plan complies with all legal requirements, including document preparation, benefit statement generation, and preparing annual nondiscrimination testing and reporting requirements, all of which are required by the IRS and DOL.

401(k) third-party administrators can perform a number of administrative tasks related to the daily running of your plan, including:

- Designing, preparing, and amending plan documents.
- Preparing employer and employee benefit statements.
- Assisting with plan questions.
- Ensuring the plan is in compliance with IRS non-discrimination testing.
- Producing distribution and loan paperwork as requested by 401(k) participants.
- Preparing annual returns and reports as required by the IRS, DOL, and other governmental agencies.

Since TPAs are responsible for operating and keeping your plan in compliance, it's important for you to have one that you can trust. The TPA should be in contact with you regularly to provide updates on how the plan is running, upcoming deadlines and any new regulations.

### **ADP and Paychex are not Recommended**

We have spent years taking over and fixing errors made by ADP or Paychex, so we would not recommend them as TPA. Think about this:

- Payroll has very little to do with a 401(k) plan, so don't let them tell you how easy it will be since they're doing your payroll. Plan documents, testing and administration is more than 401(k) deferrals and compensation.
- TPAs are about providing competent plan administration services, which is not something we are seeing from them. They are popular because employers think they're getting a bargain for a one-stop shop for payroll and retirement plan administration. Errors can lead to penalties by the IRS or DOL.
- A payroll TPA provides little technical support. Plan administration is dependent on the information the employer provides. A good TPA will work with you to ensure that the data provided is complete and accurate. Most payroll providers input the data as is.
- You never get to talk to the same person. Don't you want to talk to the same person month-in and month-out? The turnover rate within the payroll provider TPA is high.

Small businesses owners need to hire an administrator with extensive small plan experience. TPAs that specialize in small business 401(k) plans can easily assist you with complications that may arise.

**NH HICKS** is fee only, TPA administration and consulting firm that does not provide payroll services or handle any investments or insurance. We work in the complex area of retirement plan rules and regulations that you may not be educated on.

We provide all the required retirement plan services including plan design, document preparation, consultation, contribution calculations, compliance testing, and IRS and DOL reporting for qualified retirement. Our administrators have over 250 years of combined experience and have been with us for years.

Please contact me at [drath@nhhicks.com](mailto:drath@nhhicks.com) if you would like to learn more about NH Hicks and the services we provide. We are here to help you make the best decision for your company or client.

If you have questions or want more information, please contact us.