

April 20, 2025

IS IT TIME FOR A NEW TPA?

Are you satisfied with the services your current Third Party Administrator (TPA) is providing? Have you received your 2024 contribution calculations and yearend administration? At NH Hicks we pride ourselves in providing timely exemplary services from our staff of administrators with over 270 years of combined experience.

What is a TPA?

Your TPA is responsible for plan design, documents, compliance, and government reporting. TPAs are important because we are the first line of defense against the Department of Labor and the IRS. By reviewing plans, running proposals with plan design alternatives, and working with the Financial Advisors and Accountants, we create plans that best fit the company.

Top Reasons for Leaving Your TPA

- Unreasonable Fees - You need to be able to justify the fees for the services you are provided. You can shop the plan or use a benchmarking service to ensure you are paying the appropriate amount for services performed.
- Too Many Errors - You're dependent on your TPA for processing transactions, allocating contributions, completing compliance testing, and preparing Form 5500. If your current TPA isn't doing their job, it's your problem. The IRS, DOL, and others will hold you responsible because you are the Plan Sponsor.
- Turnover - A TPA's level of service should be consistent and competent. When contacts frequently change, it could be a sign of larger issues within their company.
- Reactive, not Proactive - Good TPAs are proactive, bad ones are reactive. There are many ways to improve a plan or save money for the owner. It's our job to provide these options, not wait for the owner to ask if improvements can be implemented.
- Poor communication - Some TPAs believe that communicating once a year is enough to properly service your plan. Your TPA needs to be available to you. If you don't hear from them regularly, it's time to make a change.

We believe it is a mistake to hire payroll providers, including ADP and Paychex as your TPA. They do not provide the attention to detail that a TPA needs. They offer little help and when they make a mistake, they expect the plan sponsor to fix it and go out of their way to disclaim any responsibility. I've spent countless hours with Plan Sponsors correcting mistakes that should not have occurred.

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If you want a change, review our takeover and annual administration services [here](#). The takeover of existing 401(k) plans is done at no expense to the Client. Annual administration fees include a base fee of \$1,450 and a per participant fee of \$30. There are other different annual administration fees covering owner-only plans, small 401(k) plans with less than 6 participants, audit plans (plans with 100 or more participants), defined benefit plans and combination plans. Our complete fee schedule is [here](#).

Please note that our fees are offset by all third-party payments we received from investment companies. Is your current TPA offsetting your fees?

What Our Review May Uncover. Often during the takeover process, we discover errors that include missed plan document amendments and/or restatements, unfiled 5500 forms and administrative procedures not done per their document.

Conclusion. Our experienced staff is here to ensure your plan meets your needs while following governmental guidelines. Now is the time to make a change. Contact me at drath@nnhicks.com to see how we can not only improve your TPA services while reducing your client's fees. We are here to help.