



RETIREMENT & INVESTMENT SOLUTIONS

Achieving Your Organization's Retirement Plan Goals

A Guide for Defined Contribution Plan Sponsors

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INTRODUCTION

Maintaining an effective, compliant retirement plan can be complex and time-consuming, but as a plan sponsor, you have a responsibility to act in your participants' best interests. This guide provides information to help you understand your duties as a plan sponsor and consider ways to reduce risk and add value for participants.





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Plan Sponsor Basics

Who is a Fiduciary?

As defined by ERISA, a fiduciary is a person or entity who exercises discretionary authority or control over plan management or plan assets, has discretionary authority or responsibility for the administration of a plan, or provides investment advice to a plan for compensation.

A fiduciary must act in the best interest of participants and beneficiaries for the purpose of providing benefits and

paying plan expenses. They must act prudently and diversify the plan's investment menu.

Plan Fiduciary Examples

- Plan Trustees
- Plan Administrators
- Investment Committee Members

What Type of Plan Do You Have?

There are many types of retirement plans. Knowing what type of plan your organization has is critical in order to identify what types of service providers you may need and how you should manage and administer your plan.

RETIREMENT PLAN TYPES	
<i>Defined Benefit</i>	<i>Defined Contribution</i>
Pension Plans	401(k)
Cash Balance	401(a)
Other Post-Employment Benefits (OPEB)	403(b)/Tax-Deferred Annuity
Non-Qualified	Profit Sharing
	457/Deferred Compensation
	Employee Stock Ownership Plan (ESOP)
	Money Purchase Plan
	Non-Qualified

Your Service Providers

There are typically three main service providers you will work with to assist with aspects of your responsibility as a plan fiduciary.

Investment Advisor

A company that assists with the selection and monitoring of the investment options available to plan participants.

Recordkeeper

Often the custodian for a plan's assets and/or the investment platform provider, a company maintaining the transactions (contributions, distributions and loans, where applicable) and

participant accounts for the plan, providing web access to plan and participant information. This person or group makes investment recommendations and/or analyzes a plan for a fee.

Third-Party Administrator (TPA)

A company that processes claims or other administrative aspects of a plan. They assist with the day-to-day operations of sponsoring a retirement plan (e.g., filing form 5500, performing annual testing, managing the plan document).




Plan Design

As a plan sponsor it is imperative that you ensure your plan is in compliance with current regulations and operating in accordance with your plan document. Your retirement plan consultant should have a plan review checklist, similar to the one pictured below.

RETIREMENT & INVESTMENT SOLUTIONS

Plan Provisions Review

Your Organization's Plan



PLAN PROVISIONS	CURRENT DOCUMENT	SECTION	REVISIONS	NOTES
Plan Year End				
Fiscal Year End				
Plan #				
Trustee(s)				
Participating Employer(s) or Adopting Employer(s)				
Eligibility Requirements				
Entry Dates				
Ineligible Employees				
Compensation				
1st Year of Participation - Full-year Compensation or Entry-date Compensation				
Salary Deferral Contributions				
Roth Deferral Contributions				

Plan Administration and Compliance

There are two overarching questions you should be asking yourself regarding plan administration and compliance:

1. *Are you following your plan document?*

Follow your plan document exactly as it is stated to avoid penalties and fees by the Department of Labor (DOL) and Internal Revenue Service (IRS).

Provide important disclosures to participants. They explain in simple language the basic concepts of the plan (e.g., *eligibility, contributions, vesting, distributions*).

2. *How do you ensure the plan document is being followed?*

Establish processes and timelines that are closely monitored for adherence.

Integrate your plan document policies with your payroll functions (e.g., *loans, withdrawals, contributions, matches*). This makes the process more automated and can minimize the opportunity for human error when it comes to making sure deadlines are met and policies are followed.



Plan Administration and Compliance

It's important to be aware of key testing and filing dates. The deadlines listed below are for plans with calendar-year plan years. This timeline is intended to provide a list of notable deadlines and *is not a substitute for consultation with ERISA counsel and in no way represents legal advice*. Generally, when the due date for an Internal Revenue Service (IRS) or Department of Labor (DOL) form falls on Saturday, Sunday or a legal holiday, the deadline is extended to the next business day.

TESTING & FILING DATES FOR CALENDAR YEAR PLANS

January

31 **IRS Form 1099-R:** Deadline for sending Form 1099-R to participants who received distributions during the previous year

Census: Complete compilation of year-end census data

IRS Form W-2: Deadline to File Form W-2 with the IRS (electronic)

IRS Form 945: Deadline to report income tax withheld during the prior calendar year

February

10 **IRS Form 945:** Extended deadline to report to the IRS federal income tax withheld from non-payroll payments in the previous calendar year if those withholding taxes were paid in full in a timely manner

March

15 **Corrective Distributions:** Deadline for refunds of excess contributions to highly compensated employees for a failed December 31 plan year end ADP/ACP test to avoid 10% excise tax to employer

Corporate Tax Returns: Deadline for filing corporate tax returns and contribution deadline for deductibility (without extension) for companies operating on calendar-year fiscal year

Automatic Extension: Deadline for requesting automatic extension (to September 15) of corporate tax returns

April

1 **Initial Minimum Distributions:** Must begin by April 1 following the year the participant attains age 73

15 **Excessive Deferrals & Allocation Income:** Deadline for refunding contributions (adjusted for earnings) that exceed the IRC Section 402(g) limit

Individuals & Partnerships: Deadline for filing individual and/or partnership tax returns and contribution deadline for deductibility for unincorporated entities (without extension)

Automatic Extension: Deadline for requesting automatic extension (to October 15) of individual and partnership tax returns

June

30 **EACA Corrective Distributions:** Deadline for processing corrective distributions for failed ADP/ACP test from a plan with specific EACA provisions to avoid 10% excise tax to employer

July

- 29 **SMM:** Deadline for distributing SMM (Summary of Material Modification) to participants if there were amendments to the plan during the plan year, unless information was included in an updated SPD (210 days after end of plan year when modification was adopted)
-
- 31 **Form 5500:** Filing deadline for annual Form 5500
-
- Plan Audit:** Deadline to obtain a qualified accountant's audit report or limited scope audit to include in 'Schedule H' of Form 5500
-
- Form 5558:** Deadline to submit application to extend the filing deadline of Form 5500 and/or Form 8955-SSA for 2½ months (to October 15)
-
- Form 8955-SSA:** Filing deadline for Form 8955-SSA (identifies separated participants with deferred vested benefits)

September

- 15 **Deductible Contributions:** Extended deadline to file corporate tax return and contribution deductibility deadline
-
- 30 **Summary Annual Report:** Deadline for distributing the SAR to participants, provided deadline for Form 5500 was not extended (later of nine months after close of plan year or two months after due date for Form 5500)

October

- 15 **Form 5500:** Extended Form 5500 filing deadline
-
- Form 8955-SSA:** Extended Form 8955-SSA filing deadline
-
- Corrective Plan Amendment:** Deadline to adopt a retroactive corrective plan amendment if plan fails the previous year's minimum coverage or nondiscrimination requirements
-
- Unincorporated Businesses:** Extended deadline for filing tax returns for unincorporated businesses and final contribution deadline for deductibility for these entities

December

- 1 **QDIA Notice:** Deadline to provide the annual QDIA notice
-
- Safe Harbor Notice:** Deadline to provide the safe harbor notice
-
- Automatic Contribution Notice:** Deadline to provide the annual automatic contribution notice
-
- 15 **Summary Annual Report:** Extended deadline to distribute SAR to participants based on extended Form 5500 Filing
-
- 31 **Corrective Distributions & Qualified Nonelective Contribution (QNEC):** Deadline to process corrective distributions to correct a previous year's failed ADP/ACP test with 10% excise tax
-
- Safe Harbor, QACA or EACA Amendments:** If desired for the following plan year, deadline to amend or remove from existing plans with such provisions; notices to participants should be provided as indicated above
-
- Discretionary Plan Amendments:** Deadline to amend plan to reflect discretionary changes implemented during the year (certain exceptions apply)
-
- Ongoing Minimum Distributions:** Deadline to participant age 73 after the initial year

Plan Administration and Compliance

A 3(16) fiduciary acts as the plan administrator to plan and manage the day-to-day operations of the plan. Some of the responsibilities of a 3(16) fiduciary include:

- Providing documents to participants, including important notices related to the plan
- Fixing plan operational errors
- Retaining outside specialists to assist with plan administration
- Filing form 5500/8955-SA
- Maintaining all necessary documentation and records
- Determining eligibility of employees

Adding a 3(16) fiduciary to your plan may help eliminate some of the responsibilities and fiduciary risk associated with the administration of the plan.



Investments

As a plan fiduciary it is your responsibility to make sure investments are being chosen in a diversified manner, which typically includes a mixture of stocks, fixed income and capital preservation.

Diversification spreads your investment risk across multiple assets. When an economic event occurs, each asset will react differently to it. Diversification can help you achieve the highest return for the lowest risk.

Having an investment committee that chooses and reviews your plan's investments can be helpful. It may also be beneficial to hire an outside investment advisor or investment advisory firm to help with the selection and monitoring of your plan's investments.

What criteria are you using to select your investments?

The following are a few key points to consider when setting your criteria for investment selection:

- Investment menus should be "built for the masses" and prioritize simplicity, while still offering a variety of choices.
- Defined contribution plans should consider offering actively managed, passively managed (index) and target-date / risk-based investment options.
- Investment managers should be evaluated over full market cycles.
- Investment management costs are a major predictor of long-term performance and should be minimized to the extent possible.

How are fees being paid?

Plan fees can be paid from either the plan sponsor or participant accounts. Being transparent about fees and providing fee disclosures allows you to make your employees aware of what retirement plan services they receive and how much they pay for them.

Benchmarking to help ensure "reasonable" fees

In addition to choosing the investments in your plan, fiduciaries are responsible for making sure plan fees are "reasonable." ERISA does not clearly define the definition of reasonable; however, benchmarking fees and monitoring investments are common practices for plan sponsors to help ensure they're meeting industry standards. Benchmarking data will compare your organization's fees to other service provider fees and industry averages. Having a process and timeline in place for benchmarking is important to the documentation of your plan. This may help you in future litigations should they arise.

Responding to benchmarking data

After benchmarking your fees against industry averages, if you have found your fees are reasonable, you can simply document the process and findings and keep the plan as is. If you have found the fees are unreasonably high, it may be time to switch providers or negotiate your fees.

Hiring an Investment Fiduciary

When hiring an investment advisor, it's important to understand the difference between a 3(21) investment fiduciary and a 3(38) investment manager.

- a **3(21) investment fiduciary** can help with the selection and monitoring of plan investments and related fees and can provide that information to a plan committee or administrator to make a decision for the plan.
- a **3(38) investment manager** has the authority to make a decision when it comes to the monitoring and selection of plan investments and related fees.

Every plan is unique and so are its needs. When choosing an investment advisor, consider the roles and responsibilities for each type to determine what works best for your organization.

3(21) VS. 3(38) ROLES & RESPONSIBILITIES	
3(21) Non-Discretionary Advisor	3(38) Discretionary Advisor
States in writing their co-fiduciary status	States in writing their co-fiduciary status
Assists in drafting the Investment Policy Statement	Drafts the Investment Policy Statement
Provides advice to plan sponsor about investment menu	Creates the investment menu and selects fund options
Makes recommendations to investment fund changes	Has discretion to make investment fund decisions
Makes recommendations on mapping strategies	Determines mapping strategies
Provides monitoring and documentation	Provides monitoring and documentation

In reference to 3(38) services, the plan sponsor has a continuing responsibility to monitor whether the investment manager is performing the services but is no longer responsible for the investment options available to participants.

Participant Education & Financial Wellbeing

Educating your employees and making a commitment to their overall financial wellbeing is incredibly important in helping them achieve their retirement goals.

An outside advisor can help employees learn to balance meeting their current financial obligations with saving for retirement. The advisor can also educate them on the best ways to utilize their retirement plan, often resulting in employees having an increased confidence in the plan decisions they make. Ultimately, this will help them feel more secure that they are on track to live the life they want – today and during their retirement.

When employees are on track to retire, organizations can benefit from decreased time paying out salaries and other benefits for these employees. This can have a substantial positive impact on the bottom line.

Incorporating a financial wellness program can help take these positive outcomes to the next level. Effective programs

assist employees with their financial goals by creating savings and debt management strategies that help them relieve financial stress and prepare for retirement. Financial wellness programs can assist employees in many areas, including:

- Debt management
- Credit scores
- Estate planning
- Asset protection
- College planning
- Budgeting
- Financial planning
- Investing



Six Common Risk Areas

There are six common risk areas associated with sponsoring a retirement plan. To help ensure you are providing the best possible plan for your participants, while mitigating your risk as a sponsor, it is important to understand what these are and then address each of them:

1. Compliance & Administration
2. Investments
3. Fees & Expenses
4. Participants
5. Fiduciary Governance
6. Mergers & Acquisitions/Conversations

It is vital that your organization understands and addresses all known risk areas. If you have any doubts, it would be beneficial to have an experienced retirement plan consultant review your plan, making sure your organization is mitigating its fiduciary risk, while also partnering with you to help participants achieve their retirement goals.

Risk Examples:

- Monitoring fees
- Operating in accordance with plan document
- Document plan decisions
- Filing a Form 5500
- Monitoring service providers
- Participant communication
- Discrimination testing
- Documentation of investment selection



Plan Sponsor Checklist

Sponsoring a retirement plan can be a complex responsibility. This checklist can help identify questions plan sponsors should ask themselves to assess knowledge and preparedness to help ensure compliance and assist plan participants with achieving their retirement goals.

	YES	NO
• Do you have a process in place to help ensure you are operating your plan according to your plan document?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you aware of the notices and deadlines required to keep your plan compliant?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you responsible for filing and/or signing your annual Form 5500?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you currently outsourcing any of your plan administration to a 3(16) fiduciary?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you document your fiduciary decisions?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you annually benchmarking the fees in your plan?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you currently responsible for choosing the investments in your plan?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you currently utilize an investment advisor?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you currently offer your employees an education and/or wellness program?	<input type="checkbox"/>	<input type="checkbox"/>
• Does your payroll integrate with your retirement plan?	<input type="checkbox"/>	<input type="checkbox"/>
• Do you feel you are offering your participants enough resources to help them retire successfully?	<input type="checkbox"/>	<input type="checkbox"/>

Solutions for your needs

At CBIZ, we strive to help people achieve their financial goals while helping employers navigate the fiduciary responsibilities that come with sponsoring a retirement plan. We tailor our approach to meet the needs of each client.

Our team of professionals provide a broad range of services, including:

Defined Contribution

401(k), 403(b), 401(a), 457

Investment Advisory | Fiduciary Governance | Compliance Consulting | Third-Party Administration | Fees & Expenses | Mergers, Acquisitions & Conversions

Defined Benefit

Pension, Cash Balance, OPEB

Investment Advisory | Single-employer Actuarial Services | Multiemployer Actuarial Services | Mergers, Acquisitions & Conversions | Benefits Administration Outsourcing | Pension De-Risking | Plan Termination

Private Client

Participants, Individuals and Trusts

Participant Education | Point-in-Time Participant Advice | Financial Wellbeing Personalized Retirement Account Management | Wealth Management

Other Offerings

Corporate Accounts | Endowments and Foundations | Nonqualified Plans Investment Advisory | Nonqualified Plan Consulting

Learn more at [CBIZ.COM/RETIREMENT](https://www.cbiz.com/retirement)



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