

A 3(16) Perspective Putting Clients First

PS: What makes a plan sponsor a good candidate for outsourcing 3(16) services?

As one of America's oldest independent fiduciaries, we at Pentegra believe every plan sponsor should have a 3(16) administrator.

We were founded nearly 80 years ago as an independent professional fiduciary. Our heritage enables us to support plan sponsors through a variety of retirement plan solutions and a range of service levels, for smaller plans up to some of the largest plans in the country.

As a fiduciary, Pentegra assumes key retirement plan responsibilities for the plan sponsor. This helps reduce legal and administrative burdens, minimize risk and lessen workloads. That's peace of mind for every plan sponsor and an added layer of protection. Pentegra provides invaluable fiduciary services that give plan sponsors more time to run their business.

PS: What should a plan sponsor evaluate or consider in selecting a 3(16) provider?

The most important thing a plan sponsor can ask is whether the prospective 3(16) provider is an actual independent institutional fiduciary. Consider the provider's financial stability and longevity. Does it have sufficient fiduciary liability insurance? Read the service agreement carefully to see what responsibilities it is willing to assume. A "true" 3(16) fiduciary administrator not only does the work, but is responsible for making sure that it's done right. It stands in front of the client and assumes responsibility and liability.

Pentegra always puts the clients' interests first. Consider whether the



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3(16) provider will serve as the Employee Retirement Income Security Act (ERISA) named fiduciary in the plan document. Will the provider sign and file the Form 5500? Will it work directly with the plan auditors and respond to IRS and Department of Labor (DOL) inquiries? As a full fiduciary, Pentegra does all of this and more. We offer plan sponsors the security that comes from having an experienced professional on board.

PS: What are the main differentiators between 3(16) providers?

Many providers offer 3(16) services. However, not every provider is an independent fiduciary and not every fiduciary is a full scope, full service fiduciary. Knowing the rules is one component of being a 3(16) fiduciary, but enforcing those

rules is another. An independent fiduciary must always act in the best interests of the plan and its participants.

Pentegra builds plan sponsor confidence by knowing the inner workings of client plans, and we are always looking to save plan sponsors time and money. We are skilled at finding and fixing plans with sometimes unforeseen—and expensive—challenges. We apply a fiduciary perspective to every client and plan we work with, and that includes plans of every type—defined contribution (DC) plans, defined benefit (DB) plans, multiple employer plans (MEPs) and pooled employer plans (PEPs).

PS: How does a 3(16) fiduciary help plan sponsors deliver better plan outcomes?

Fiduciary oversight improves plan outcomes and reduces liabilities. Retirement plan administration is complex. It's subject to legal challenges. Outsourcing fiduciary responsibility by engaging an independent fiduciary helps plan sponsors design a more effective plan that is compliant and easy to administer. That's peace of mind.

With the increased focus on legal challenges today, can plan sponsors really afford not to have a professional by their side? Often, the real value of a fiduciary is seen when there is a plan issue or problem. As an independent fiduciary, we monitor plans to help ensure they don't have problems, and, if they arise, we're the partner to help you fix them.

We put participants and plan sponsors first. ■

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