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The Value Enhanced Pension Practitioner: From Good to Great in Six Steps

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The training and development of contract service providers and pension consultants usually includes a heavy emphasis on checklists, testing, compliance calendars and the satisfaction of various filing or disclosure deadlines. However, as this article illustrates, taking your practice from good to great involves some enhancements that aren't necessarily in the technical training manuals.

Based on many years of working with both plan sponsors and their service providers, we have observed a number of recurring tendencies that can give rise to administrative problems or operational defects. Following is a list of service enhancements that all contract service providers and pension consultants should consider adopting, particularly if you do not have much face-to-face contact with clients.

Climb Out of the Weeds (From Time to Time)

By definition, pension practitioners are detail-oriented and very compliant (meaning they follow the rules). A head-down, by-the-book approach to plan administration can work just great if all your assumptions are correct, the rules don't change and everything remains the same as it was the year before. But as we all know, things change: the law, plan documents, plan design and plan operation and your clients' businesses. The failure to raise your head above the weeds to see where you are heading (and where your client is heading) can result in serious oversights in plan administration and compliance efforts.



For example, the recent issuance of final section 415 regulations changed the definition of compensation for both allocation and 415 limit purposes. And while many of us view these types of changes as primarily "technical," we must make sure to find out whether our clients understand the new rules and how they have administered the permissive aspects of the new rules. Commit to

taking advantage of education programs and online resources to keep your knowledge up-to-date.

Always Refer to the Plan Document

In this age of client databases and electronic plan summaries, it is easy to base your advice and decisions on what is in front of you or what is most readily accessible in terms of plan provisions. However, there is no substitute for reading the plan document, whether it is to examine the provisions of a client's multiple plans to find out how or if the top-heavy provisions properly coordinate, or if the definitions of eligible compensation are consistent. In talking with consultants who rely heavily on electronic plan summaries to advise their clients, we often find that these summaries are not always kept up-to-date or detailed enough to rely upon. When was the last time you reviewed the plan document? Along these lines, it is important to remind yourself that the plan document you need to refer to generally consists of both an adoption agreement and a basic plan document. Far too often, we find practitioners only considering the client's adoption agreement.

Become More Aware of Your Clients' Businesses

Many service providers develop a cordial working relationship with the client contact who gathers census data, communicates testing results, makes sure the Form 5500 gets timely filed or extended, etc. Unfortunately, the pressure to assure efficient service delivery may lead many of us to spend less time chatting with our clients to keep up on the status of their businesses. This failure to know

how your client's business is doing can cause you to overlook a reduction in force affecting 15 percent of your client's participants (as being within

IRS guidelines and, therefore, no issues to be concerned about). Of course, what you don't know and have not been looking into is the fact that your client's business has been so bad for the past several years that last year's layoffs of 15 percent of the workforce followed similar layoffs of 10 percent and 7 percent in the two preceding years. Think partial plan termination! Becoming more aware of significant developments in your client's business can also help you spot evolving controlled group and affiliated service group issues, as well as the likelihood of merger and acquisition activity. Are you having conversations with your clients on a regular basis? How thorough are your requests to your clients for information?

Learn Your Client's Weaknesses

By now you should see a larger theme emerging—that is, great plan administration services demand, to some degree, a bigger picture, and more holistic approach than many of us currently give them. The adage “garbage in, garbage out” can apply to plan administration and compliance testing. Do you know the level of experience and retirement plan knowledge of the client contact who is completing important year-end census, deferral and match data? If this person is new, inexperienced, unfamiliar with the plan or just plain incompetent, you're going to have problems (and by extension, so will your client's plan). If you have any reason to suspect that the plan census information you are receiving is not accurate or complete, you need to help yourself and your client understand staffing and procedural weaknesses at the client level. Along these lines, it is always good to check with your client's payroll supervisor to make sure he or she is familiar with the timing rules pertaining to salary deferral and loan payment deposits. In order to take your practice to the next level, you need to take the time to educate your clients and help them understand their plan administration duties and responsibilities.

Don't Assume Very Many Things

In the busy world of deadlines and with a never-ending task list, it's tempting for benefits practitioners to assume that once a to-do item has moved off their desk and out to the client, it is no longer their responsibility. Moreover, they may assume that documents that have been sent out to the client for signature have indeed been timely executed. Unfortunately, in the real world plan amendments and such things do get lost or ignored by our clients. Take the time to make a follow-up call or send an e-mail to



- confirm that the time-sensitive amendment you sent was timely signed and
- obtain a signed and dated copy for your files.


Under the heading of not assuming things, you also should not assume that your clients fully understand the myriad notices, forms and advisories you or your firm sends to them. For example, we are aware of a firm that regularly sent out to its clients a very thorough 15 to 20-page controlled group and affiliated service group questionnaire. Presumably, the form would help everyone to identify actual or potential testing issues. Unfortunately, the provider of the questionnaire assumed that the client contact knew what he or she was doing in completing the form (when in fact he or she had no clue) and as result learned that one subject plan had been improperly tested for well over five years!

Under this category it is critical for complete service providers not to assume that clients are administering their plans in accordance with the plan terms. We think you and your clients will be better served in the long run if you adopt a somewhat skeptical approach in this regard and regularly ask your clients how they are doing various administrative tasks and whether they have checked their actions against their plan document.

Keep Your Focus

Working with 50 to 100-page plan documents, as well as plan amendments and restatements for dozens and dozens of clients, is challenging and demands a great deal of concentration. Because a checklist or coding error can easily result in a plan document or operational failure, it is critical to make sure that the plan document work you are doing is as accurate and complete as possible. We find that whenever possible, it is helpful to deliberately break up your plan drafting sessions with other activities so that you can maintain a detailed focus and review your prior drafting work “with a fresh pair of eyes.” If you find yourself losing focus or interest while drafting, learn to take an occasional break or figure out a way to share these responsibilities with a work partner. In addition, it never hurts to have your client run the plan amendment or restatement that you have prepared by a qualified employee benefits attorney.

Conclusion

When you’re working hard to meet deadlines and stay within budgets, some things are easier said than done. But in the long run, skills and habits that take you from good to great will earn your clients’ gratitude and loyalty. They’re definitely worth the effort. 



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