



AN EMPLOYER SURVIVAL GUIDE

8 TIPS FOR MANAGING YOUR ORGANIZATION'S RETIREMENT PLAN (ERISA/NON ERISA) & PARSONAGE IN RETIREMENT

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Retirement Plan Specialists

3,000+

Retirement Plans

As of 12/31/2021

\$86B

Assets Supported*

As of 12/31/2021

300+

Team Members

As of 12/31/2021

65+

Locations

As of 12/31/2021

A boutique experience with the strength and resources of a national firm.

With Pensionmark you get the best of both worlds, working with an experienced independent advisor backed by a network of support specialists.

Our NY Metro office services over 100 Plans with collective supported assets ~ 2.5 billion dollars.
(~350 Million Private and Jewish Day School Community*)

What we do

Our specialties as retirement plan consultants



Fiduciary Oversight



Investment Services



Plan Design



Financial Wellness



Compliance Support



Vendor Analysis



The 8 Steps for Managing the Retirement Plan

AN EMPLOYER SURVIVAL GUIDE

FIDUCIARY STATUS IS BASED UPON FUNCTIONS

STEP 1

01

Clearly define roles and responsibilities

SERVICE PROVIDERS

Hiring or firing service providers for the plan

Approving payments to service providers from the plan

Delegating fiduciary duties to service providers (i.e. investment managers)

Overseeing activities of service providers



ADMINISTRATION

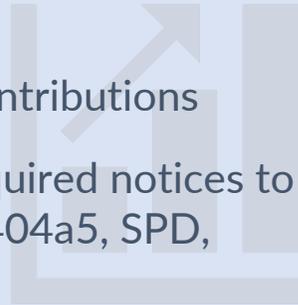
Determine eligibility and vesting

Approving loans, QDROs, and distributions

Filing governmental reports (Form 5500)

Processing contributions

Delivering required notices to participants (404a5, SPD, blackout, etc.)



INVESTMENTS

Approving investment policies

Selecting new investments

Monitoring and replacing existing investments



WHAT WE'VE SEEN WORK

- Committee Charters
- Roles & Responsibilities worksheets
- Calendar key dates
- Documenting everything

STEP 1

01

Clearly define roles and responsibilities



STEP
02

Hire the right partners



UNDERSTAND THE DIFFERENT PLAYERS



Plan Sponsor

Establishes plan and ensures it is administered in accordance with plan documents



Plan Recordkeeper

Reconciles accounts, provides access to account information, and handles plan transactions.



Retirement Plan Advisor

Recommends and/or manages investment line-up, serves as a consultant on plan design and may act as an education consultant to plan participants.



Third-Party Administrator

Manages day to day functions relating to plan design, plan documentation, plan testing, vesting and compliance.

STEP

02

Hire the right partners

STREAMLINE

WHAT SERVICES
ARE NEEDED?



- For general plan operations?
- For special needs of participants?

HOW WILL THE
SERVICES BE PAID?



- Paid by employer from corporate assets?
- Charged against participants or deducted from investments?

IS THE ARRANGEMENT
REASONABLE?



- Do services align with needs?
- Are the terms reasonable?
- Are fees = value received?

WHAT WE'VE SEEN WORK

Look to a retirement plan consultant who will:

- Introduce products and service providers unbiasedly
- Create *benchmarks*
- Confirm value of services and review service provider credentials
- Review 408(b)(2) fee disclosures if applicable
- Recommend selection, retention, and replacement

ONGOING MONITORING OF SERVICE PROVIDERS

STEP
03

Benchmark your partners regularly

- Who are you paying, what for, and how they are being paid
- Re-evaluating your fees as plan assets grow
- Is there revenue sharing in your plan?
- Evaluating the *quality* of the services you are receiving. Has this changed?

SAMPLE PLAN COST

0.63%

COST BREAKDOWN

0.09% Admin & Recordkeeping

0.38% Investment Management

0.16% Advisory Services

HOW ARE THESE COSTS ASSESSED?

0.39% Weighted Investment Cost

0.15% Plan Asset Charge

0.09% Employer Paid Cost

WHAT WE'VE SEEN WORK

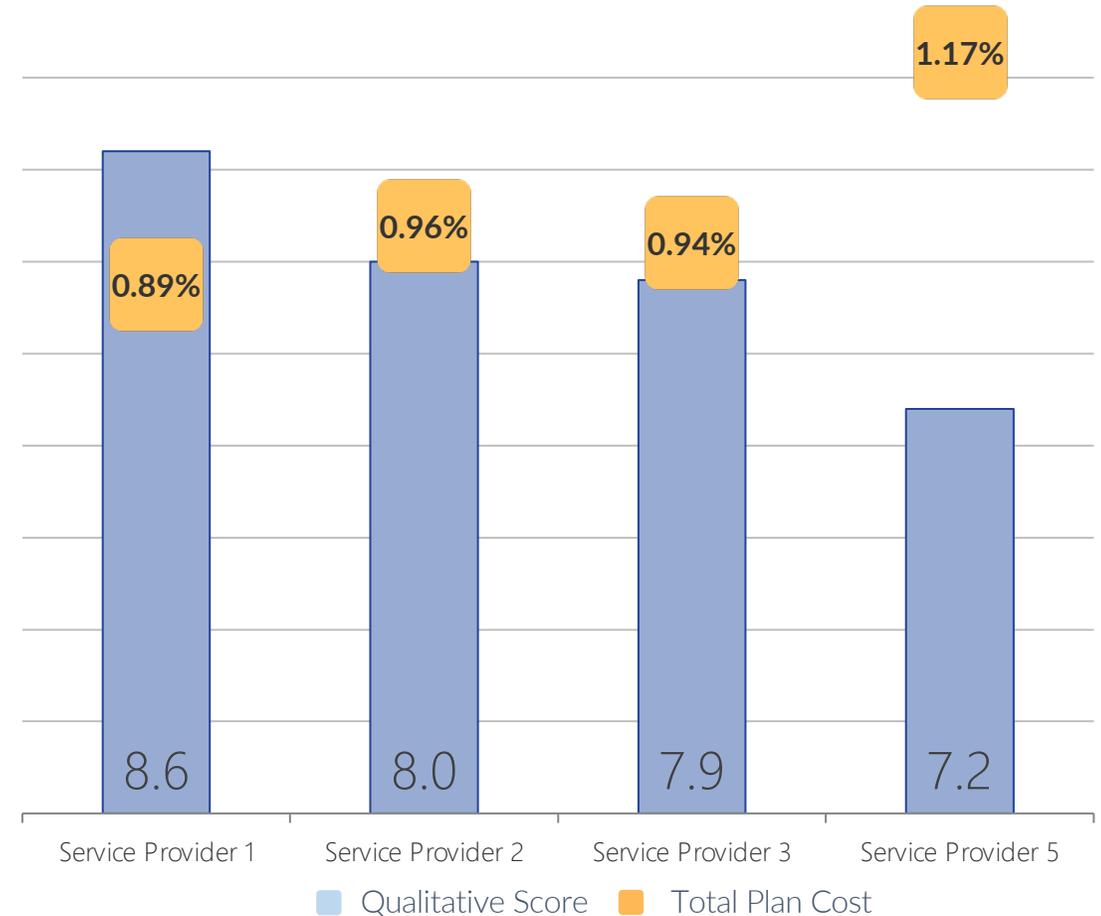
Look beyond just the fees, decide also how much you value:

- Investment Flexibility
- Employee Experience
- Employer Experience
- Recordkeeping and Technology
- Fiduciary Support (Understanding Both Erisa and Non-Erisa Church Plans)

STEP
03

Benchmark your partners regularly

SAMPLE PLAN COST X SAMPLE QUALITATIVE SCORE



STEP
04

Optimize plan features
based on goals

Plan Goals 2021

- Participation = 90%
- Investment Diversification = 80%
- Avg. Deferral = 6%
- Pass ADP test
- Add auto-escalation
- Conduct provider search

Plan Goals 2022

- Participation = 92%
- Investment Diversification = 85%
- Avg. Deferral = 6.5%
- Pass ADP test
- Fee levelization
- Student Loan Program

THE REASON THE PLAN EXISTS IN THE FIRST PLACE

Base your plan features around the demographic of your organization. Why do you want a healthy retirement plan?

BENEFIT TO EMPLOYERS

Attract and retain top talent and increase employee satisfaction? Receive tax advantage to company owner? Have employees retire on time?

BENEFIT TO EMPLOYEES

Influence savings behavior? Improve potential retirement outcomes? Practice long-term investing?

STEP
04

Optimize plan features
based on goals

WHAT WE'VE SEEN WORK

AUTO FEATURES

Proven to increase participation and deferral rates in plans.

AFTER- TAX CONTRIBUTIONS

Allow participants to “max out” by allowing for After-Tax with Conversion to Roth

MATCHING/VESTING

Encourage higher deferrals and employee loyalty.

ROTH

Reward employees who think they may be in a higher tax bracket in retirement than they are now

PLAN SPONSOR PAID FEES

Help limit your liability by paying admin or investment fees.

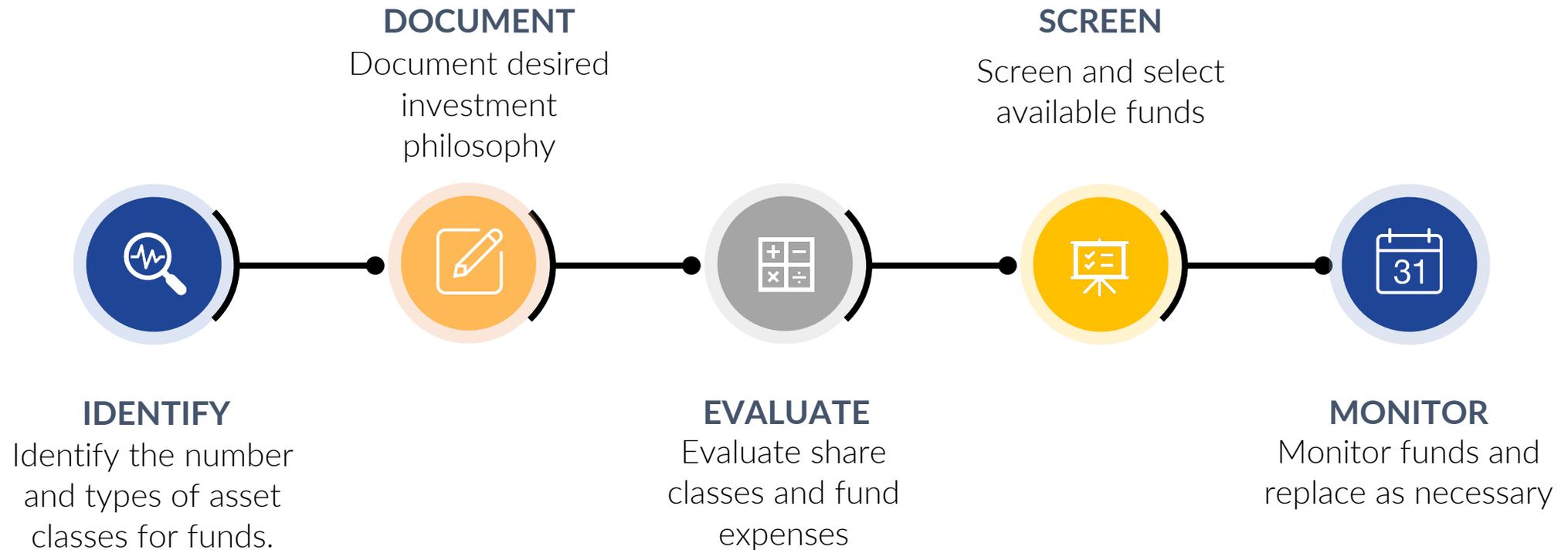
FEE LEVELIZATION

Assess plan fees uniformly to all participants if there is revenue sharing in your plan to reduce risk associated with a participant claiming unfair assessment of plan expenses.

OVERVIEW OF FIDUCIARY RESPONSIBILITIES

STEP
05

Understand How to
Select and Monitor
Investments



WHAT WE'VE SEEN WORK

- Establish an Investment Policy Statement (IPS)
- Select and monitor Qualified Default Investment Alternatives (QDIAs)
- Analyze investment fund *suitability* (All proprietary fund menu from your Plan Recordkeeper is not generally considered a best practice)
- Provide employees enough information to make informed decisions about the investment options offered under the plan

STEP
05

Understand How to
Select and Monitor
Investments

3(21) INVESTMENT ADVISER

Advisor as a Co-Fiduciary



3(38) INVESTMENT MANAGER

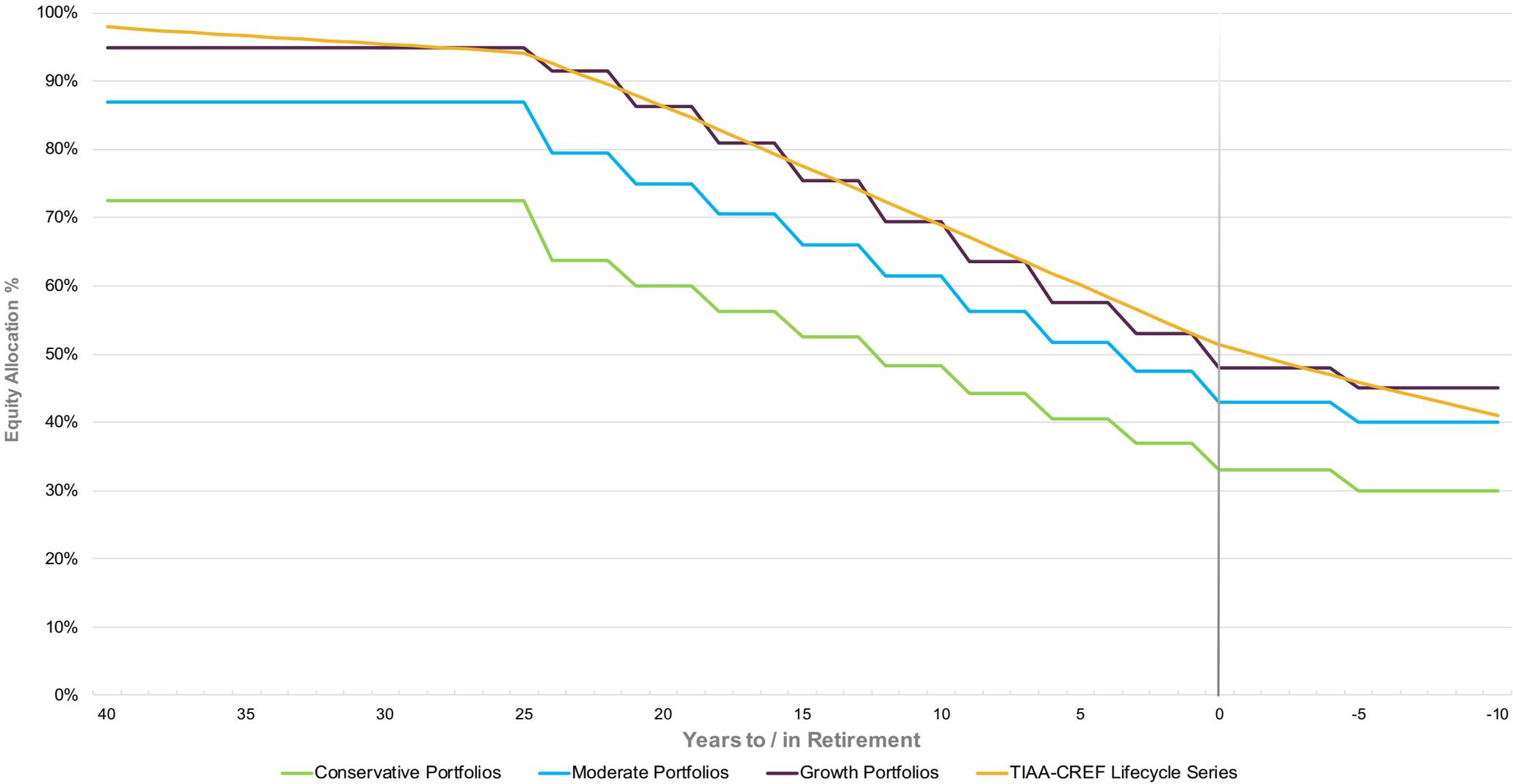
Advisor as Investment Manager



■ Represents Client Engagement in
Investment Monitoring & Selection

CHAI Custom Models or Target Date Fund Approach

Comparison of Equity Allocations



STEP
06

Communicate, educate, and monitor participants

REQUIRED PARTICIPANT NOTICES

NOTICES	TIMING		
	AT ELLIGIBILITY	ANNUAL	AS NEEDED
SPD	•		
404(a)(5) Fee Disclosure	•	•	
EACA & QACA Notices	•	•	
Safe Harbor 401(k) Notice	•	•	
Summary Annual Report		•	
Special Tax Notice			•
RMD Notices			•
SMM			•
Blackout Period Notice			•
Mandatory Dist./Auto-Rollover Notice			•

A PLAN IS AS STRONG AS ITS EMPLOYEE ENGAGEMENT

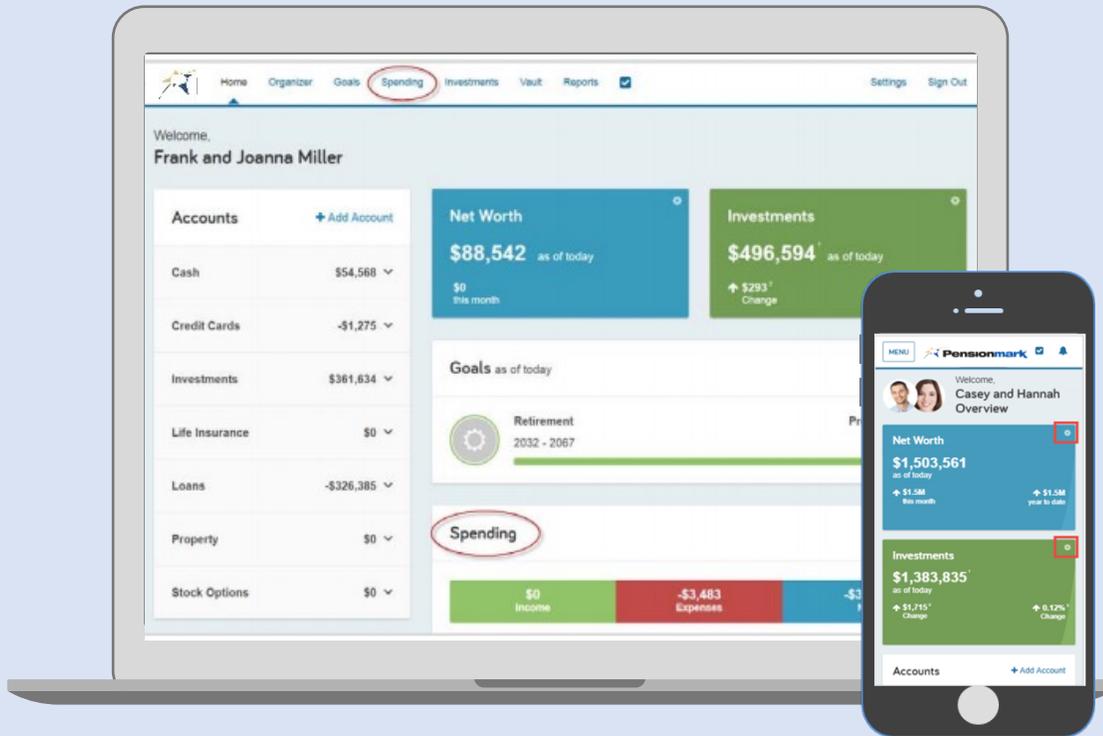
Additionally, employers should provide access to:

- Enrollment resources
- Plan education as features change
- Retirement planning guidance
- Investment guidance from specialists over the phone or email

STEP
06

Communicate,
educate, and monitor
participants

WHAT WE'VE SEEN WORK



ADVICE & PLANNING



FINANCIAL WELLNESS



GAMIFICATION



TOOLS FOR ACTION

IN THE NEWS TODAY

STEP
07

Keep up with
litigation trends

Types of 401(k)/403(b) Lawsuits

EXCESSIVE FEES

Involves the allegation of excessive admin or investment fees without documentation that fees are reasonable.

SELF-DEALING

When a plan fiduciary acts in their best interest instead of in the best interest of the plan and the participants

INAPPROPRIATE INVESTMENTS

The emphasis is on the prudent decision-making - process of selection rather than the type of investment selected.

WHAT WE'VE SEEN WORK

- Documenting everything in an “Audit Ready” file
- Partner with a consultant you trust that can help you navigate this landscape
- Simplify by streamlining a repeatable process
- Educate your entire committee

STEP
07

Keep up with litigation trends



STEP
08

Strengthen Your
Cybersecurity
Standards

DOL GUIDANCE FOR CYBERSECURITY

Retirement plan service providers should:

- 1 Have a formal, well documented cybersecurity program.
- 2 Conduct prudent annual risk assessments.
- 3 Have an annual 3rd-party audit of security controls.
- 4 Clearly define and assign information security roles.
- 5 Have strong access control procedures.
- 6 Ensure that assets stored or managed by a 3rd-party provider are subject to appropriate security reviews
- 7 Conduct periodic cybersecurity awareness training.
- 8 Implement and manage a secure system development life cycle (SDLC) program.
- 9 Have an effective business resiliency program addressing business continuity, disaster recovery, and incident response.
- 10 Encrypt sensitive data, stored and in transit.
- 11 Implement strong technical controls.
- 12 Appropriately respond to any past cybersecurity incidents.

STEP
08

Strengthen Your
Cybersecurity
Standards

WHAT WE'VE SEEN WORK

Define your cybersecurity action plan



Identify service providers to whom this guidance applies



Monitor service provider adherence initially and ongoing



Include questions about cybersecurity in RFP templates



Educate committee on guidance as it pertains to their roles.



Educate participants on cybersecurity best practices



Hire an advisor who can help you select & monitor service providers

Potential TIAA Considerations

1. Are you in the old Legacy Contract(s) or enhanced Institutional contract? A conversion to TIAA's Institutional Contract allows for:
 - Open Investment Architecture instead of all proprietary funds (Introduce the Chai Model Portfolios)
 - Potential for lower total fees with proper negotiation
 - Less restrictive Traditional (Fixed) options without a 10 year lock up
 - Fee "Levelization" availability (Employees pay the same amount for plan expenses instead of some paying more and some less)
 - Plan Expense Budget (Plan expense account to pay for Legal, Auditing, Consulting and other eligible plan expenses) Paid through plan.
2. Are you on the most updated plan document that incorporates the plan design that works for you and your employees?
3. Have you utilized their service to integrate directly with Payroll? (Timeliness/less errors/Simplicity)

Key Takeaways

The 8-Steps to Managing Your Retirement Plan

- # 1 Clearly define committee roles and responsibilities (*and streamline processes!*)
- # 2 Hire the right partners (*particularly a retirement plan consultant*)
- # 3 Benchmark your partners regularly (*remember it's not all about fees*)
- # 4 Optimize plan design based on goals (*and track your plan health*)
- # 5 Understand how to select and monitor investments (*or hire an expert to do this with you*)
- # 6 Communicate, educate, and monitor participants (*and personalize the message*)
- # 7 Keep up with litigation and audit trends (*and know what to do if it happens to you*)
- # 8 Strengthen Cybersecurity Standards (*and define your action plan*)



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