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Most KPAs Know About 316, But ...

ERISA 3(16) fiduciary outsourcing is becoming more popular with 401(k) plan advisors (KPAs) as plan administration evolves to be more complex.

In a [survey](#) by **Pentegra**, conducted on August 2018, it **highlights** the importance and need for 3(16) outsourcing that will both benefit the advisors and their clients. As 3(16) continues to gain popularity, 84 percent of advisors out of 85 respondents are familiar with and considering recommending 3(16) administrative services to their clients, yet only 39 percent of KPAs are already using the service.

"Reality is, most businesses are primarily focused on running their business. Operating a qualified plan like 401(k) takes an additional level of effort and expertise that they might not have," says **Richard Rausser**, senior vice president of client services at Pentegra. "[Outsourcing] is a win-win situation for the client and business owners because essentially, we're taking responsibility of acting in the best interest of planned participants and as a fiduciary for the client."

"Word of advice is to make sure to hire a firm that has a lot of experience in this area with a long and strong reputation in this service," Rausser says. "Then, make sure the client periodically reviews the service of the fiduciary."

Pentegra urges advisors to consider turning to professional fiduciaries rather than TPAs who only provide a limited amount of clerical help as non-fiduciaries even though non-fiduciary administration can be a more inexpensive service.

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