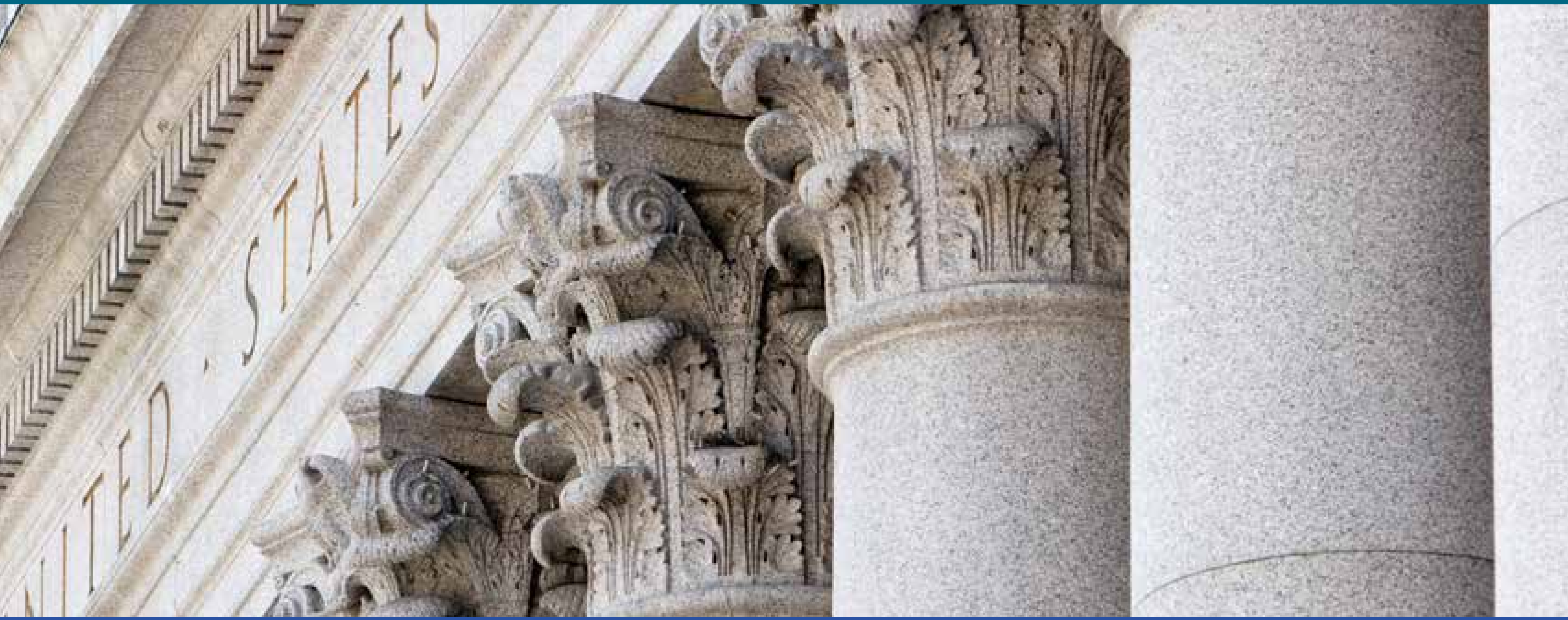
PENTEGRA SECURE ACT SMART TIPS™



Increases in Penalties and Excise Taxes Reinforce the Value of a 3(16) Fiduciary

Retirement plans are complicated. Plan sponsors may not have—or want—the knowledge of how they work. Despite that, sponsors are fiduciaries. As fiduciaries, they are legally responsible for administering their plans. Without the knowledge or expertise of how the details work, mistakes can happen, and there are very real and significant consequences.

The Setting Every Community Up for Retirement Enhancement (SECURE) Act dramatically increases the penalties associated with doing things incorrectly, and supports the value of outsourcing fiduciary responsibilities.

Most plan sponsors know that there are penalties for failing to file government forms for the retirement plans each year. The Department of Labor (DOL) and Internal Revenue Service (IRS) may impose penalties and fines if they fail to file a complete return, or fail to file them on time. SECURE takes this one step further, dramatically increasing these fines—reinforcing the value of a 3(16) fiduciary.

The SECURE Act Increases Penalties and Excise Taxes for Sponsors by Ten Times the Current Rate:

- Failure to file Form 5500 penalty – $250 per day, not to exceed $150,000
- Failure to file Form 8955 – SSA penalty – $10 per participant, per day, not to exceed $50,000
- Failure to file a required notice of change penalty – $10 per day, not to exceed $10,000
- Failure to provide a required withholding notice penalty – $100 per failure, not to exceed $50,000

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That's why it is so important to hire an expert and to outsource fiduciary responsibilities—especially administrative responsibilities. The right fiduciary partner can assume these responsibilities and help to eliminate the risk of failing to meet deadlines or doing things incorrectly.

A 3(16) Administrator helps to eliminate the risk of failing to meet deadlines or doing things incorrectly by assuming key retirement plan responsibilities, transferring these responsibilities from the plan sponsor to the fiduciary. This helps by not only eliminating work, but also minimizing the risk and responsibility for doing the work. Sponsors have the comfort of knowing that their plan is being administered so that it is compliant and managed with participants' best interests in mind. What was a long list of retirement plan responsibilities becomes only a few.

What 3(16) Fiduciary Outsourcing Does for Plan Sponsors

- Saves time and money
- Takes work off their desk by eliminating complex responsibilities
- Reduces compliance burdens
- Minimizes risk & liability
- Improves plan outcomes

Contact the Pentegra Solutions Center at solutions@pentegra.com

or 855-549-6689 for expert guidance on how to make the most of the new rules.

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