

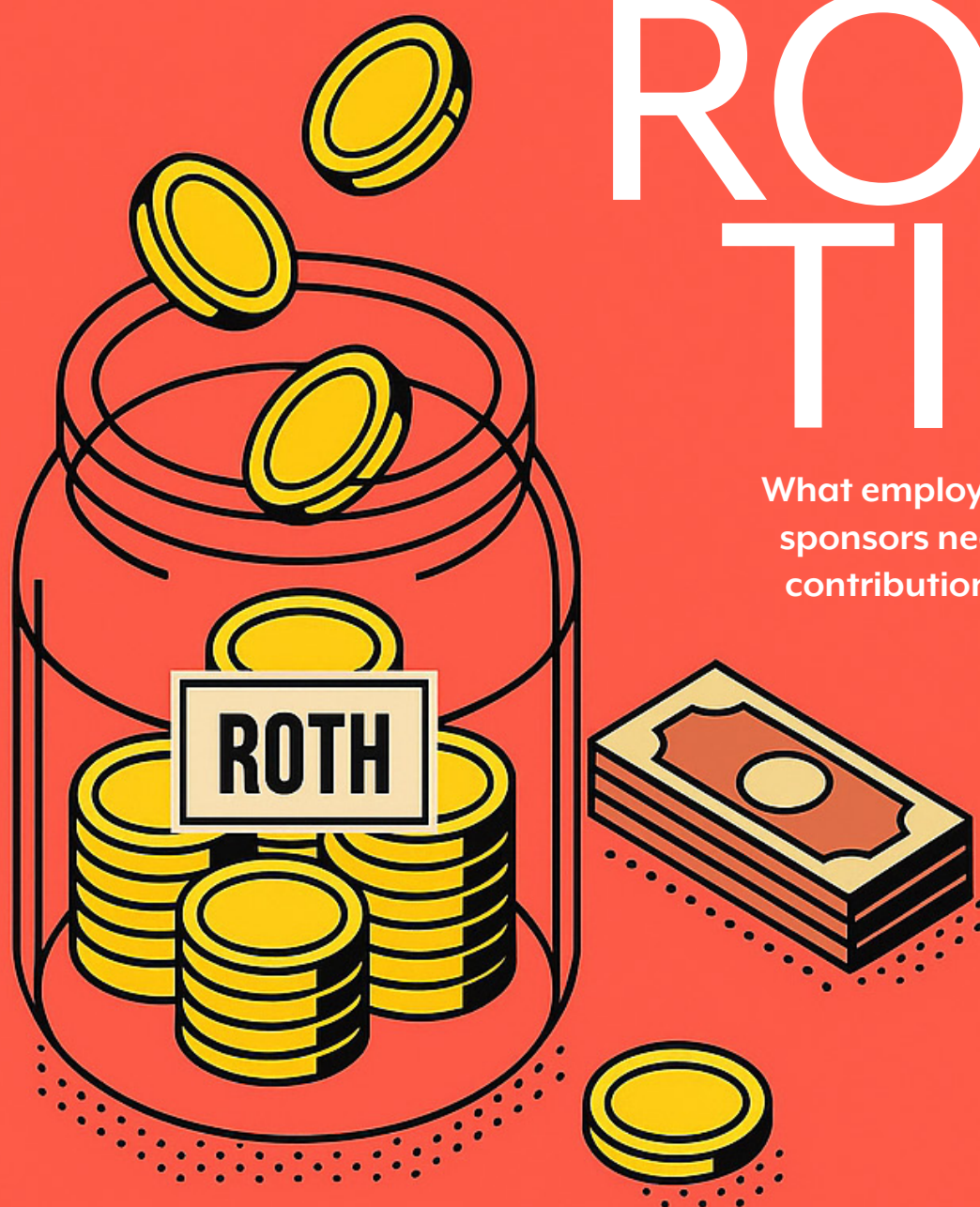
AN OFFICIAL PUBLICATION OF ASPPA

# PLAN **CONSULTANT**

SUMMER 2025

## IT'S ROTH TIME

What employers, advisors, and plan sponsors need to know about Roth contributions, in-plan conversions, and the backdoor.



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## Join the 2025 Exam Cram!

Session 1: July 17, 1:00 – 3:00 p.m. ET

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# TWO YEARS OF GRATEFULNESS



By Joey Santos-Jones

**After two years at the editorial helm** of *Plan Consultant* magazine, I'm stepping down as editor to take on a new position within the American Retirement Association (ARA).

It has been one of the greatest privileges of my career to work with so many talented individuals across ASPPA and contribute to what I believe is the best publication in the retirement plan industry. The magazine's content has remained rich, instructional, and meaningful in every issue—never fluff, always substance.

While I'm excited about the new opportunity in marketing, it is bittersweet to leave *Plan Consultant*. This issue will be my last as editor.

Throughout my tenure, I've had the honor of collaborating with dedicated members of the Plan Consulting Committee, including Teresa Conti, Shannon Edwards, Katie Boyer-Malloy, Travis Jack, Amy Garman, David Witz, Megan Crawford, Linda Chadbourne, Jon Murello, and John Iekel, among many others. Their passion and commitment made each issue a true team effort.

Fortunately, the magazine is in great hands. John Sullivan, Chief Content Officer at ARA and editor of *NAPA Net the Magazine*, will take over editorial duties. Under his leadership, I'm confident *Plan Consultant* will continue to thrive and serve its readership—an audience always eager to learn and support one another.

And while I may be stepping away from the editor's desk, I'll still be very much involved in the ASPPA community. I look forward to seeing many of you at ASPPA Annual this year in San Diego. The theme, "Making Waves," couldn't be more fitting—it's a reflection of the energy, innovation, and momentum within our industry. I can't wait to be part of the conversations, connections, and celebrations that define this incredible event.

I also want to highlight how proud I am of the continued growth of the TPA Growth Summit. I had the privilege of working closely with many third-party administrators during my time as editor, and it brings me nothing but joy to see this summit gaining more eyeballs, resources, and recognition. It's a testament to the strength and passion of the TPA community—a group that's not only vital to our industry, but also deeply collaborative and future-focused.

To everyone who's been part of this journey: thank you. A special shoutout goes to Mary Patch, whose behind-the-scenes efforts have kept the Plan Consultant committee running strong, even if she'd rather avoid the spotlight. Her dedication, like that of so many others, is what makes this work so meaningful.

Though I'm moving on, I'm not going far. If you ever need anything, you know where to find me. I'll always be here to support ASPPA and the incredible community behind it. **PC**



Editor





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# 'ANNUAL' CLARITY

By JJ McKinney

**When I began my 401(k) career in 1998 my view of the retirement plan world stood in a haze of large and jumbo corporate 401(k) plans.** Not until my first ASPA (we had not yet bought the other "P" from Vanna at that point) conference did my eyes open to the reality and variety of beautiful creatures frolicking across the retirement plan landscape.

Currently, I serve a national sales team which means we are constantly and consistently introduced to what's next, what's hot, and what's imminent. Those of us who have been at this a while realize that the sprint to the next hottest and best thing is not only, not necessary, it can be a distraction from the core business and potentially stretch resources in an unhealthy direction. When paced properly using a thorough discovery phase, implementing a new product or service balances and integrates into the core business while excitement builds for the energy to bring it to market.

**"BUSINESSES START EVERY DAY AND PEOPLE EYEING THEIR FUTURES ENTER THE WORKFORCE EVERY DAY. WE, COLLECTIVELY, IN THE RETIREMENT PLAN INDUSTRY HAVE MANY TOOLS AND LEVERS WE ENGAGE TO MAKE EMPLOYERS SUCCESSFUL AT PREPARING THEIR ASSOCIATES FOR FUTURES FILLED WITH HOPES AND DREAMS."**

In 2002, I made a presentation to the shareholders of a prospective employer, a 401(k)-focused firm, about how we could integrate defined benefit plans into the practice. I had recently obtained my QPA after passing the C2-DB exam and felt like I knew what's what. Although DB plans were not new and exciting, in fact, they were still in a stage of recovery following the tragic whipping they took from TRA '86; they were new and exciting to me. Eventually, with a little help from the fabulous Judy Miller and PPA in 2006, we were able to launch DB and cash balance in 2007 with my personal dentist accepting a cash balance proposal. He recently terminated his plan in 2025 resulting in years of tax savings and deferral, incredible retirement accumulation for his longer-term employees, and retirement at a time when grandkids are popping like daisies and his practice is in the capable hands of a successor. The renaissance for cash balance plans took several years to emerge and we continue to encounter professionals who do not know how they can integrate them as a solution for their clients.



I share this anecdote often when people tell me we will be late to the "fill-in-the-blank" table if we do not act now. Businesses start every day and people eyeing their futures enter the workforce every day. We, collectively, in the retirement plan industry have many tools and levers we engage to make employers successful at preparing their associates for futures filled with hopes and dreams.

Who knows what's next? Whispers of SECURE 3.0, elder care, estate considerations, growth in pooled arrangements, continued roll-up and control group mania. Regardless of what's new and exciting, ASPPA members hold the keys to guide the conversation, exploration, and implementation of what's next.

October in San Diego, the ASPPA Annual Conference is making waves to clear the mist and open the eyes of industry practitioners who live and breathe this world. Whether the limits are set at the company level or by our own books of business, our eyes benefit from dilation and discovery. Maybe we do not walk away from the sessions ready to take on a new type of business or build a new product, but we do walk away a little wiser from the speakers' experience and productive peer-to-peer dialogue. I hope to see you in San Diego! **PC**



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# NO NEWS IS (VERY) GOOD NEWS FOR RETIREMENT PLAN SAVERS

We had a big win for plan sponsors and participants, as well as the country's retirement plan system as a whole. By **Brian H. Graff**

**The BIG news of the quarter is that there is none—or, more specifically, it's what *didn't* happen on Capitol Hill rather than what did.**

I'm pleased to report that, at least at this stage, the American Retirement Association (ARA) successfully made its case to protect the tax incentives inherent in employer-sponsored retirement plans, and neither the House tax reconciliation bill nor the Senate version contained *any provisions* that would negatively impact retirement plans.

More specifically, the House bill—commonly called the One, Big, Beautiful Bill—released by the powerful House Ways and Means Committee in May, focused primarily on extending individual tax provisions from the 2017 Tax Cuts and Jobs Act (TCJA), provisions to address President Trump's campaign promises, as well as enhanced business tax deductions for C corporations and pass-through entities.

On the individual side, these include lower tax rates, an increased standard deduction, and enhancements to the child tax credit.

Importantly (and I'll reemphasize), it did not introduce new provisions directly affecting retirement plans. It was a big win for plan sponsors and participants, as well as the country's retirement plan system as a whole.

We commend Committee Chairman Jason Smith (R-Mo.) and the rest of the Ways and Means members and staff for recognizing the importance of the employer-provided system in providing retirement security for millions of Americans. The ARA's Government Affairs team also worked extremely hard to educate members on why they should consider retirement policy separately, as they did with the SECURE 2.0 Act.

Most recently in June, the Senate Finance Committee released the text of the tax provisions to be included in the reconciliation bill. Like the House-passed legislation, the Senate text also did not include any policy provisions that would negatively impact retirement plans.

The underlying legislation in the Senate version also focused on extending the expiring provisions of the TCJA and providing additional tax cuts to address President Trump's campaign promises.

Among the broader proposed tax changes are to make permanent the individual tax rates and standard deduction limit (with some modifications) under the TCJA, as well as increasing the child tax credit and tax incentives for pass-through entities and C corporations.

The draft of the bill released by Senate Finance Committee Chairman Mike Crapo (R-Idaho) did not include any provisions that would, for example, curtail retirement plan contribution limits or require taxpayers to make Roth-only contributions.

The ARA thanked Crapo and the rest of the committee members and staff for also treating retirement policy separately from tax policy, allowing the decades-long bipartisan consideration of retirement issues to continue.



Brian H. Graff, Esq., APM, is the Executive Director of ASPPA and the CEO of the American Retirement Association.

Due to disagreements between various factions of the House and Senate, the tax portion of the legislation included placeholders to allow the lawmakers to continue negotiating over the contents.

It's just the beginning of the process and far from over, but for now, we look forward to helping pass important SECURE 3.0 legislation in the future on a bipartisan basis.

As always, ARA will remain vigilant, work diligently to protect our nation's retirement plan system, and provide updates as we go. **PC**



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# DB RETROACTIVE AMENDMENTS – QUESTIONABLE – MAYBE WITH GUIDANCE

Retroactive changes to DB plans demand clearer guidance amid regulatory shifts. By Leah Johnson

## Retroactive amendments to Defined Benefit (DB) plans have long been a point of contention in the retirement plan landscape.

These amendments, which involve altering plan provisions for prior years, can be necessary in some cases, such as correcting administrative errors or ensuring compliance with changing regulations. However, when applied to adjust benefit formulas, eligibility requirements, or accruals retroactively, these amendments often raise serious concerns about participant fairness, compliance, and fiduciary responsibility. The passage of the SECURE 2.0 Act has added complexity to the already complicated issue of retroactive amendments. While the law offers new flexibility in some areas, it also brings heightened questions about the use of these amendments and their alignment with ERISA's anti-cutback rules and participant protections. As plan sponsors and fiduciaries consider the impact of SECURE 2.0 on DB plans, clear guidance is more critical than ever to avoid pitfalls that could jeopardize plan compliance and participant trust.

## WHAT ARE RETROACTIVE AMENDMENTS IN DB PLANS?

In Defined Benefit plans, retroactive amendments are those that modify plan terms, such as benefit formulas or eligibility rules, to apply to past years. These changes can occur for various reasons, including:

- Correcting administrative errors (e.g., missed benefits or incorrect formulas);
- Aligning with regulatory changes (e.g., updated IRS rules or required funding adjustments);
- Fixing compliance issues (e.g., ensuring the plan meets nondiscrimination requirements after the year ends).

While these types of amendments are sometimes necessary, they can raise questions about whether participants are receiving the benefits they were promised. This is especially concerning when the amendments involve reducing benefits,

altering accruals, or changing other key elements that were established in the past.

## SECURE 2.0 AND ITS IMPACT ON RETROACTIVE AMENDMENTS

The SECURE 2.0 Act, signed into law in December 2022, introduced several important changes that directly impact Defined Benefit (DB) plans, including how retroactive amendments can be applied. While the law generally aims to enhance retirement savings for employees, it also brings some important shifts in how amendments can be made, especially those that impact prior plan years.

### 1. Extended Amendment Deadlines

One of the most significant changes in SECURE 2.0 for DB plan sponsors is the extended deadline for adopting retroactive amendments. Previously, amendments to a retirement plan had to be adopted by the last day of the plan year in which they were intended to take effect. This tight timeframe often created challenges for plan sponsors who needed to make corrections or adjust provisions after the fact.

Under SECURE 2.0, the deadline for adopting retroactive amendments is now extended to employers tax return due date, including extensions. This extension gives plan sponsors more time to adjust provisions, correct errors, or address compliance issues, providing greater flexibility in managing DB plans.

While this extension offers welcome relief, it also underscores the importance of staying on top of regulatory changes and deadlines. Plan sponsors now have more time to adopt amendments, but they still need to ensure that these amendments are in compliance with all applicable regulations and best practices.

### 2. Clarity on Corrective Amendments

SECURE 2.0 has also clarified the rules surrounding corrective amendments, which are retroactive changes made





“THE SECURE 2.0 ACT MAKES IT CLEARER THAT CORRECTIVE AMENDMENTS—THOSE MADE TO ADDRESS GENUINE ERRORS OR COMPLIANCE FAILURES—ARE PERMISSIBLE EVEN IF THEY AFFECT PRIOR PLAN YEARS.”

to fix errors or ensure compliance with regulations. Under the previous framework, it was sometimes unclear whether certain amendments made to fix errors or comply with the law could be considered “corrective” without violating the anti-cutback rules (IRC Section 411(d)(6)).

The SECURE 2.0 Act makes it clearer that corrective amendments—those made to address genuine errors or compliance failures—are permissible even if they affect prior plan years. This provision aims to ease the process for plan sponsors looking to fix mistakes or comply with new regulations without worrying about violating participant protections.

That said, these amendments must still be carefully reviewed to ensure that they are indeed corrective and not strategic. The key is that the changes should be aimed at fixing a legitimate issue, rather than retroactively adjusting benefits for the benefit of certain groups of participants.

### 3. Streamlined Compliance for Retroactive Changes

SECURE 2.0 also introduces some streamlining of the compliance process for retroactive amendments, particularly related to nondiscrimination testing and funding rules. These changes allow plan sponsors more flexibility in making adjustments to their DB plans after the plan year ends, provided the amendments are in compliance with the law.

This means that, in certain circumstances, employers can make retroactive amendments that adjust funding or accruals, without risking penalties or legal challenges. However, SECURE 2.0 does not eliminate the need for careful planning or consultation with actuaries, ERISA counsel, and other compliance professionals to ensure that any retroactive changes align with the broader goals of the plan and the regulatory framework.

## COMPLIANCE RISKS AND CHALLENGES

While SECURE 2.0 provides greater flexibility, retroactive amendments—especially those that change benefit formulas or eligibility criteria for prior years—remain a risky area for plan sponsors. Fiduciary duties under ERISA require employers to act in the best interests of plan participants, and any retroactive changes that disproportionately benefit certain individuals or groups could result in claims of unfair treatment or legal challenges.

Additionally, retroactive amendments can create confusion for participants, particularly if they alter expectations around the benefits accrued to date. Clear and timely communication is essential when implementing such amendments to avoid misunderstandings or employee dissatisfaction.



### 1. Fiduciary Duty and Participant Protections

Even with the new flexibility offered by SECURE 2.0, plan sponsors must remain vigilant about their fiduciary responsibilities. Any retroactive amendments must be in the best interests of participants, and employers should carefully evaluate whether the changes are appropriate and necessary. Amendments made for strategic purposes—such as reducing employer contributions or adjusting accruals to meet testing requirements—may not be in the spirit of ERISA’s fiduciary rules.

### 2. Transparency and Communication

With SECURE 2.0 extending the timeline for amendments, employers must take the opportunity to communicate any retroactive changes clearly to participants. Whether the amendment is corrective or strategic, participants should understand how it impacts their benefits, especially if the changes affect benefits accrued in previous years. Failing to communicate amendments effectively could lead to confusion or dissatisfaction, and potentially legal challenges.

## WHAT PLAN SPONSORS SHOULD DO NOW

As the SECURE 2.0 Act reshapes the landscape for retroactive amendments, plan sponsors must carefully consider their next steps:

- Review plan documents to ensure that any retroactive amendments are compliant with SECURE 2.0 and other regulatory requirements.
- Consult with legal and actuarial experts to assess the potential impact of amendments and ensure they align with both legal obligations and fiduciary duties.
- Communicate changes clearly to participants, especially if the retroactive amendment alters past benefit accruals or other critical aspects of the plan.
- Monitor ongoing IRS and DOL guidance for further clarification on retroactive amendments under SECURE 2.0, as additional regulatory guidance may be issued in the future.

## CONCLUSION

The SECURE 2.0 Act has brought significant changes to how retroactive amendments can be applied in Defined Benefit plans, providing more flexibility and clarity. While this new flexibility can be beneficial for plan sponsors, it also raises questions about fairness, compliance, and participant protection. As retroactive amendments continue to evolve in light of SECURE 2.0, plan sponsors must remain vigilant in ensuring their amendments are legal, fair, and transparent. With careful planning and a commitment to clear communication, employers can navigate these changes while maintaining the trust and security of their participants. **PC**



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# TO PEP OR NOT TO PEP: NAVIGATING THE TPA CROSSROADS

While PEPs may offer value for certain segments of the market, the question remains whether they represent a true market shift or simply a niche solution. **By Dina Hamad**

**As the retirement plan landscape continues to evolve,** Pooled Employer Plans (PEPs) have emerged as a noteworthy addition to the suite of options available to employers. Introduced under the SECURE Act of 2019, PEPs allow unrelated employers to participate in a single retirement plan administered by a Pooled Plan Provider (PPP). This approach promises fiduciary relief, streamlined governance, and cost efficiencies but are those benefits enough to shift the market?

Fred Reish, partner at Faegre Drinker, recently predicted, “In 5 to 10 years, PEPs will match single employer plans in new plan adoption.”<sup>1</sup> With such projections from a widely respected ERISA expert, it’s only natural for Third-Party Administrators (TPAs) to ask: What role, if any, should we play in this evolving model?

## IS THE MARKET TRULY CHANGING?

While PEPs may offer value for certain segments of the market, the question remains whether they represent a true market shift or simply a niche solution. Are employers genuinely adopting PEPs at scale, or are traditional single-employer plans continuing to dominate? Have PEPs gained enough traction to justify a TPA’s investment in infrastructure, marketing, and fiduciary support?

For some TPAs that have already implemented PEPs, early insights are revealing. Many are finding that PEPs may be most effective at the larger end of the market—particularly for plans subject to audits, where fiduciary streamlining, and investment efficiencies become more impactful. On the other hand, smaller employers may still be better suited for Multiple Employer Aggregation Programs (MEAPs), where scale and administrative simplicity can still be achieved without the complexity or fiduciary implications of a PEP.

## EXPLORING THE TPA ROLE IN A PEP LANDSCAPE

If the market is, in fact, changing, what are a TPA’s options?

- **Become the PPP:** Some TPAs are taking on the full role of the Pooled Plan Provider, accepting the fiduciary and administrative responsibilities. This offers full control over plan design, participant experience, and operational delivery but it also opens the door to regulatory

oversight, liability exposure, and increased operational burden.

- **Partner with a PPP:** Other TPAs are opting to collaborate with an external PPP, delivering core services such as plan administration and compliance while leaving fiduciary responsibilities to another party. This partnership model can enable a TPA to stay involved in the PEP conversation without taking on full risk.

Both paths offer unique opportunities, but they also require careful consideration.

## RISKS OF PARTICIPATION

Much of the conversation around PEPs has focused on potential benefits but what about the risks of participating?

- **Liability Coverage:** Acting as a PPP means securing liability insurance that covers expanded fiduciary responsibilities.
- **Operational Burden:** While employers may experience simplification, the back-end work for TPAs doesn’t necessarily decrease. In fact, coordinating across multiple employers within a single plan structure can increase complexity and workload.
- **Regulatory Risk:** As PEP regulations evolve, PPPs must remain in constant alignment with compliance requirements. One misstep at the PPP level could affect every adopting employer under the plan.
- **Distribution and Branding Challenges:** Without a direct connection to employers, especially in a model where the recordkeeper or investment platform owns the client relationship, TPAs risk becoming a background player.

## RISKS OF NON-PARTICIPATION

On the flip side, TPAs who opt out of PEPs altogether also face a set of potential challenges:

- **Client Retention:** Employers intrigued by the promise of fiduciary relief or perceived cost savings may migrate to bundled providers offering PEPs.
- **Market Relevance:** As PEPs gain traction, even if not yet dominant, TPAs without PEP offerings might find themselves at a competitive disadvantage.
- **Service Diversification:** Abstaining from PEPs could limit opportunities to diversify services and revenue streams.





“WHILE PEPS MAY OFFER VALUE FOR CERTAIN SEGMENTS OF THE MARKET, THE QUESTION REMAINS WHETHER THEY REPRESENT A TRUE MARKET SHIFT OR SIMPLY A NICHE SOLUTION.”

#### COST SAVINGS—BUT FOR WHOM?

It's common to hear PEPs framed as “cost-saving” solutions, but it's important to clarify where those savings originate. For most TPAs, the administrative workload doesn't significantly decrease in a PEP model. The cost efficiencies often come from the investment side. Pooled assets can create pricing leverage for recordkeeping and fund selection, but they may not translate into leaner operations or overhead for the TPA.

As such, TPAs must consider: Are PEPs truly more efficient, or are they simply reallocating costs in a way that favors investment partners over administrative providers?

#### CONCLUSION

The decision to “PEP or not to PEP” is not binary, nor is it obvious. Some TPAs will find value in creating or partnering within the PEP ecosystem, while others may determine that their resources are better spent elsewhere. The question may not be whether PEPs are the future but whether they are your future.

For now, the market continues to evolve, and TPAs must continue to ask the hard questions. The answers may not come quickly, but for those willing to explore both the opportunity and the risk, the PEP conversation is one worth having. **PC**





# IT'S ROTH TIME

What employers, advisors, and plan sponsors need to know about Roth contributions, in-plan conversions, and the backdoor.

BY THERESA CONTI AND CHAD JOHANSEN



# Let's start from the beginning. When did a Roth begin?

Well, Roth has technically been around since Senator William Roth pitched legislation called “IRA Plus” back in 1989—but it wasn’t until the Taxpayer Relief Act of 1997 that Roth retirement savings truly took form. Thanks to the Economic Growth and Tax Relief Reconciliation Act of 2001 (and yes, EGTRRA is still a mouthful), Roth officially entered our 401(k) world in 2006. And it only took 17 more years to give Roth a serious boost: SECURE 2.0 expanded it beyond personal contributions and into the realm of employer contributions.

For the sake of time, we’ll save the complexities of Roth catch-up rules for another article. Today, let’s focus on marketplace excitement, client questions, processes, and take rates for employer Roth contributions and In-Plan Roth Conversions (IPRCs).

In all my years of consulting on 401(k) plans, I’ve never seen more interest in Roth than I have over the past three years. Designing plans with Roth deferral access is nearly a requirement—it’s table stakes at this point. So, whether you’re an Ed Slott enthusiast or just here for the essentials, staying current with

legislative direction and supporting your clients’ interests is critical.

Let me set the stage. I work deep in Silicon Valley, where engineers at Google, Amazon, and Facebook leverage Roth and after-tax contributions with in-plan Roth conversions. They talk to neighbors, friends, and other parents at soccer practice—and soon, those folks want to implement this same flexibility in their small business plans. That’s when they call our TPA shop. We’ve fielded these questions for years, but now the demand is growing beyond Silicon Valley. So, even if this isn’t something you encounter often, a refresher on where Roth strategies fit could be valuable.

Let’s start with the basics: an In-Plan Roth Conversion (these are also known as in-Plan Roth Rollovers) allows a participant to convert eligible non-Roth dollars within the plan into Roth dollars. It’s a straightforward (and aptly named) process—assuming the plan document allows for it.

When pre-tax dollars are converted to Roth, a taxable event occurs. The converted amount is treated as ordinary income for the year of the conversion. Importantly, there’s no early withdrawal penalty (a common question), no taxes withheld from the conversion, and a 1099-R must be issued. Participants must cover the tax bill using other funds when they file their annual tax return. Two complications often arise if someone isn’t prepared:

1. They’ll need cash on hand to pay the taxes.
2. The full conversion amount is included in their adjusted gross income, which could push them into a higher marginal tax bracket or impact their eligibility for certain credits and deductions.

While IPRCs are a great tool, the real buzz is around the “Mega Backdoor Roth”—a powerful tax

strategy that lets someone exceed the personal Roth deferral limit and stash tens of thousands of dollars into a Roth bucket.

Here’s how it works:

The participant contributes after-tax (non-Roth) dollars into their 401(k), then quickly converts those dollars to Roth using an in-plan conversion. Because the contribution is after-tax, there’s no additional tax owed on that principal during conversion. The key is timing—if they convert before the dollars earn investment gains, then there’s no tax liability, and both the principal and earnings grow tax-free.

Several top-tier recordkeepers have created “time of deposit” processes that automate these after-tax to Roth conversions. When implemented correctly, this strategy—paired with the right provider—can be a phenomenal tax-savings tactic.

Now, let’s address the elephant in the room.

Yes, I hear you. Every time someone asks me about Mega Backdoor Roth, they’re stunned when I explain that after-tax contributions are subject to the Actual Contribution Percentage (ACP) test. Since the people looking to contribute these large after-tax amounts are usually highly compensated employees (HCEs), the strategy often remains a dream rather than a reality. And the follow-up is always: “Well, we have a Safe Harbor plan, so that won’t be an issue.”

Unfortunately, even with Safe Harbor protection, after-tax dollars must be tested separately for ACP compliance. Ouch.

This strategy works better at large companies like Google or Amazon, where the sheer employee count reduces the relative impact of these after-tax contributions on testing. But for most closely held businesses, it’s a tough fit.

That said, here are a few scenarios where it might work:



“WHILE IPRCS ARE A GREAT TOOL, THE REAL BUZZ IS AROUND THE “MEGA BACKDOOR ROTH”—A POWERFUL TAX STRATEGY THAT LETS SOMEONE EXCEED THE PERSONAL ROTH DEFERRAL LIMIT AND STASH TENS OF THOUSANDS OF DOLLARS INTO A ROTH BUCKET.”

1. A plan composed entirely of HCEs—for example, an owner-only plan.
2. A plan where non-HCEs are actively using the Mega Backdoor Roth.
3. A plan with a fixed-dollar match. Think of a \$5,000 annual match—this might be a small percentage of an HCE’s pay but could represent 10% of a \$50,000 salary, which helps buffer the ACP test and make room for after-tax contributions. I’ve seen this structure succeed a few times now.

Let’s wrap this up by shifting to Employer Roth Contributions. While SECURE 2.0 made them available starting in 2023, adoption has been slow. To be fair, there were dozens of urgent SECURE 2.0 provisions that needed immediate attention. This one is voluntary, requires significant upgrades in recordkeeping technology, and demands new procedures for employee elections and education. In addition, similar results can be obtained by permitting IPRCs of fully vested employer contributions.

Still, it’s here—and interest continues to grow.

Here’s the current landscape:

Employers can now allow employees to designate their fully vested match or nonelective contributions as Roth. Plan documents don’t need to be amended until Dec. 31, 2026, as employers can operate in good faith under SECURE 2.0 provisions. The Roth employer



contributions must be placed in a separate source than Roth deferrals and tracked independently. Your provider must support this structure and be equipped to issue a 1099-R for elected Roth contributions.

As with IPRCs, employees need to be prepared to pay the taxes resulting from the employer Roth contribution.

With this new option, participants have a viable alternative to the Mega Backdoor Roth—especially for plans where ACP testing limits its effectiveness.

So yes, it’s Roth time. And now more than ever, we have the tools to squeeze more juice out of retirement planning. **PC**







# WHAT YOU HAVEN'T THOUGHT ABOUT CYBERSECURITY BUT SHOULD

Cybersecurity isn't just an IT issue—it's the most overlooked business risk you think someone else is handling, until it's too late.

BY PHILIP EPLING

# CYBERSECURITY IS OFTEN A BUZZWORD, A PUNCHLINE, A COST CENTER (ESPECIALLY FOR CFOS), AN ANNOYANCE. HOWEVER, IT'S ALSO OFTEN THE MOST IGNORED YET SIGNIFICANT THREAT TO YOUR BUSINESS.

Why? Well, there's a laundry list of reasons: It's expensive. It's complex. You're not an expert. You're paying someone to "handle it." You feel like you can't do anything about it. The "bad actors" are smarter than us. You assume that an attack won't happen to your company.

While these reasons hold some truth, they also highlight the need for a more proactive approach to cybersecurity. We all need help when it comes to securing our businesses. No one is expecting a retirement plan expert or business owner to fully understand cybersecurity. And even if you spent the time learning the basics, a few weeks later all of that knowledge changes to address some new threat vector — and the cycle starts again.

OK, so we know we're supposed to be secure, but we rarely know how to start. It's a daunting, complicated endeavor that is well outside our area of expertise. In many cases, we "solve" that problem by outsourcing cybersecurity. While that's a viable piece of the puzzle, you could still be completely exposed while assuming that your outsourced partner has the ability to prevent or detect an incident. Since breaches are, unfortunately, a fact of modern business, you can no longer afford to have any gaps.

Since there is no one-size-fits-all method to secure your firm's data and systems, I'll break the concept down into a few easy-to-digest goals you can use to review what you are doing today. For each, the best practice is to create a written policy for how your company intends to achieve the specific goal and share it with your team.

## GOAL 1 - PHYSICAL SECURITY

Many people hear "cyber" and think "cloud" or "internet," but the reality is that cybersecurity involves the protection of data wherever it may be — and that includes your office, and the computers, servers, desks and even garbage bins within it. Access to these physical devices is the simplest form of cybersecurity, and one that is commonly neglected in today's world.

Let's look at some examples you should be aware of. Just as a bank would never leave its vault open to the public, the room where your server sits should be locked at all times. Likewise, your computers should be screen-locked whenever you and your staff are not actively using them. And visitors should never be able to access work areas unattended.

If you still print, you'll also want to ensure you are properly shredding everything as soon as it is no longer necessary to have in physical format. While handouts and reference materials can help quickly answer questions during an in-person meeting, having your firm's data on paper outside the office — a sales call, a trade show, etc. — means you're no longer in control of who has access to that data. Review your paper deliverables to ensure they do not contain information that should not be exposed. Pivot to digital distribution when possible.

And for our faxing friends ... it is virtually impossible to secure fax (even the so-called "secure" fax) or snail mail. That's it. That's the sentence. As a result, these methods should only be used when absolutely necessary — and

only with written consent and waiver of liability from your customer who owns the data you are transmitting.

## GOAL 2 - PASSWORDS AND MULTI-FACTOR AUTHENTICATION (MFA)

As computing power has increased, passwords have quickly lost their ability to be the main line of defense for your systems and data. While increasing the length and complexity of a password does help, it's still just a matter of time before a hacker can crack the code. Even worse, if a vendor's platform is breached, the hacker can often gain access to a trove of data or user credentials, rendering your password complexity requirements completely moot.

Requiring a password to be changed at set intervals (such as every 90 days) will help thwart time-based attacks, and requiring multi-factor authentication (MFA) will further protect access. However, even MFA can be hacked — so be aware.

This means that while passwords and MFA are still important, they are no longer sufficient by themselves to ensure data security.

## GOAL 3 - DATA CLASSIFICATION AND CONTROLS

Data can generally be broken down into four main classifications:

### 1. Restricted

Sensitive information about the company's operations; access should be limited to owners and upper management.





## 2. Confidential

Data that must not be exposed because it can harm people. This includes personally identifiable information (PII), protected health information (PHI), and financial data.

## 3. Private

Internal communications, processes, templates and other items valuable to competitors.

## 4. Public

Any data that doesn't fall into the above categories. Anyone can access it.

Implementing a data classification policy allows you to properly restrict access. Without one, you may treat all files the same, giving the same access to everyone. By properly classifying data and limiting access based on need, you can mitigate damage during a breach.

For example, if your summer intern only needs to scan financial statements to a general folder, and

those files are later moved, then if the intern's credentials are hacked, the exposure is minimal.

## GOAL 4 - DATA RETENTION

Most firms in this industry have clients who've been around for decades. While that's a testament to your service, it brings risk.

The more data you store, the more data a hacker can steal. For instance, I recently received a letter from a bank I used 20 years ago, informing me that their systems were breached. My data should have been deleted years ago.

By retaining only necessary data and purging anything no longer needed for legal or administrative purposes, you can reduce your exposure in the event of a breach.

## GOAL 5 - DETECTION

How do you know if you've had a breach? You need alerts and scans to monitor malicious activity.

Alerts should notify you of rules

violations — too many emails sent, forwarding rules created, or classified info saved in the wrong place. These actions require investigation.

Scans should check for malware and behavior changes — accessing unusual files, logging in from different locations, or contacting people outside typical functions.

## GOAL 6 - SECURITY AWARENESS TRAINING

One of the most overlooked areas of cybersecurity is training. Policies and tools are useless if your team doesn't know how to use them.

Everyone should receive security awareness training (SAT) at least quarterly. It should repeatedly emphasize the threats your firm faces and how to recognize them.

Employees should understand your data classifications, how to report incidents, and what tools they are allowed to use when sending or receiving data outside the firm.





## GOAL 7 - TESTING

Mike Tyson said, “Everyone has a plan until they get punched in the mouth.” That’s why boxers spar before a fight.

Mike Tyson said, “Everyone has a plan until they get punched in the mouth.” That’s why boxers spar before a fight.

Likewise, if you haven’t tested your cybersecurity plan, you don’t have a plan — just an idea of one. Knowing your server room should be locked isn’t the same as checking the door. Knowing phishing exists isn’t the same as testing your employees with fake phishing emails.

You must test your plan to make it real.

## GOAL 8 - REPORTING

Reporting is often the most ignored — yet least outsourceable — part of cybersecurity. If you’re not reviewing reports, you won’t know if your plans are working.

You need to see where your weak spots are, where to invest, and whether your consultants are delivering value.

For example, SAT is only effective if you can confirm employees completed it and passed phishing simulations. If you outsource cybersecurity, how do you know they’re doing their job without reports?

Business leaders must review the effectiveness and results of training regularly. You should be able to:

1. Determine if your employees are improving at identifying threats.
2. Identify who is falling behind and needs extra training.

Another example: if your IT team manages Microsoft 365, ask to see your Microsoft Secure Score. A higher score indicates stronger email security. Track it over time and ask what’s being done to improve it.

And that’s the magic behind the mirror. That’s how companies stay safe — or more accurately, how

they keep up with modern, accepted security practices.

You’re not expected to be a cybersecurity expert. It’s its own industry. You’re not expected to know how the sausage is made.

But you *should* be involved in verifying that the sausage is made correctly.

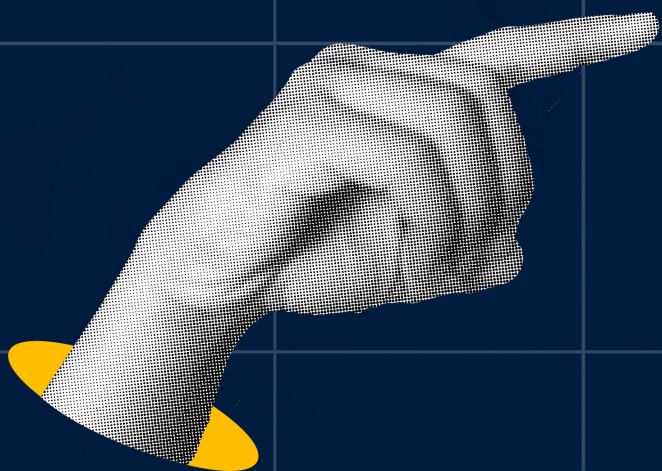
In conclusion, cybersecurity is an essential aspect of modern business that cannot be ignored. While it may seem complex, taking proactive steps is crucial.

By implementing physical security measures, using strong passwords and MFA, classifying and controlling data, retaining only necessary information, detecting breaches, training employees, testing plans, and reviewing reports, you can significantly reduce risk.

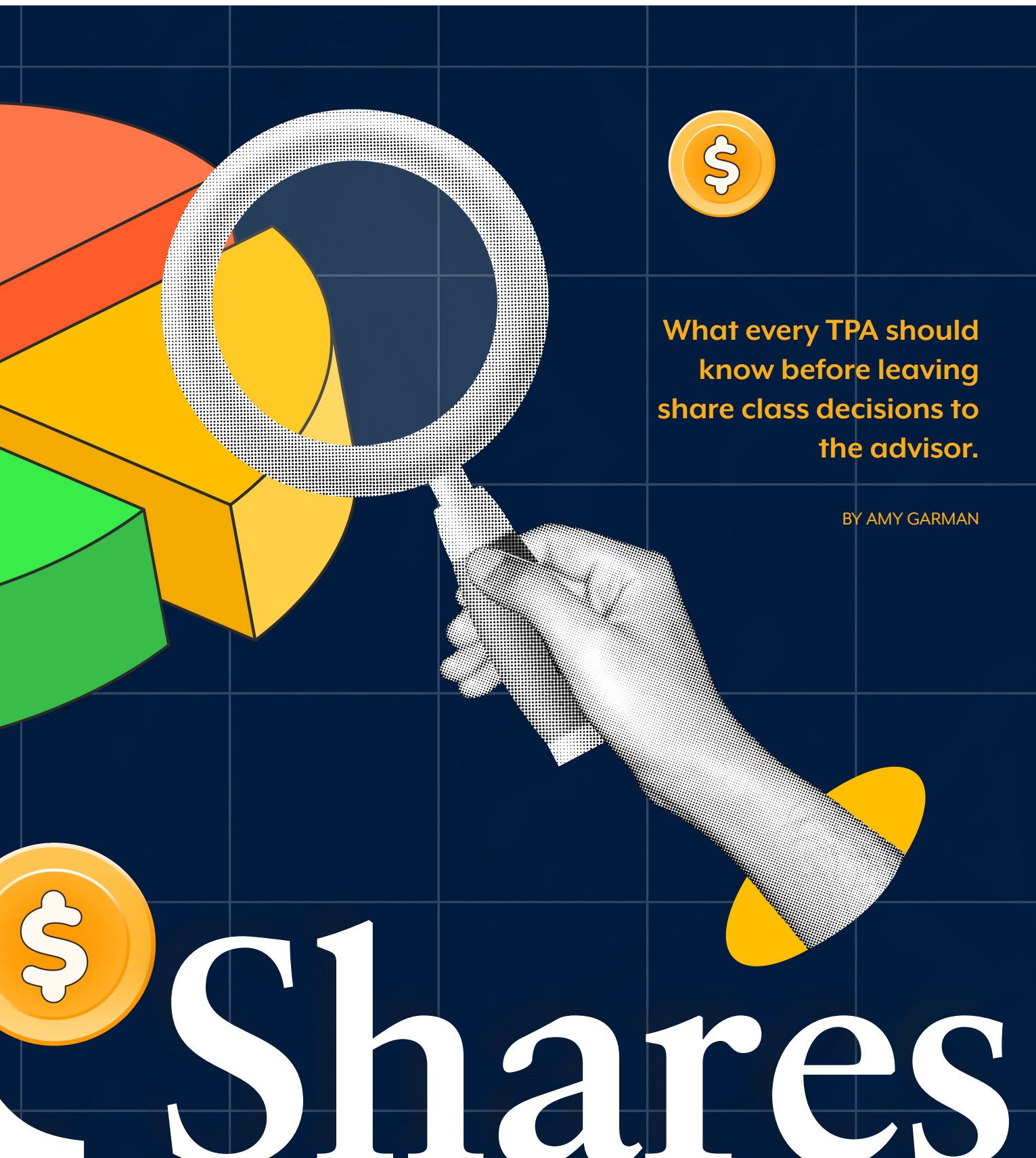
Remember: cybersecurity isn’t just about tech — it’s about building a culture of vigilance and accountability. As a business leader, follow President Reagan’s advice: “Trust, but verify.” **PC**



Get to  
know...







**What every TPA should  
know before leaving  
share class decisions to  
the advisor.**

BY AMY GARMAN

# Shares

# “I don’t do investments.”

This is a common response I get when I ask TPAs what share class we’ll be using for a recordkeeping quote. “I just leave that to the advisor.” Of course, while we absolutely need the advisor’s input on what share class meets their compensation or compliance needs, it’s important to note that share class isn’t about investments – it’s about pricing. And TPAs very definitely do pricing.

Having a firm grasp on the basics of the different retirement share classes (R shares for short) will help you more quickly dial in potential solutions for clients and have more comprehensive conversations with advisors and recordkeepers. So, let’s talk about what R shares are, what they mean for clients, and where you can get the details.

## WHAT’S IN A SHARE CLASS?

All mutual funds have an internal management fee taken from fund assets to compensate the fund manager for stock trading costs, securities research, annual reports, etc. Basically, to cover the day-to-day expenses of running a mutual fund. Purchasing a mutual fund also typically involves a distributor (wholesaler), and a broker (financial advisor). A fund’s share class outlines how an investor pays for the cost to compensate all of these parties.

In the retail world, for instance, if I buy Class A shares of Big Company Example Fund in my brokerage account, I pay an upfront sales charge, or load, out of the purchase price to compensate my financial advisor

and the fund distributor. A small percentage of assets will be swept from my fund annually to pay my advisor and the fund manager for ongoing services. Together with the fund’s management fee, these internal expenses are known as the expense ratio.

As a retail investor, I could avoid an upfront load by buying Class C shares of Big Company Example Fund, but I’ll pay a higher percentage of assets annually (higher expense ratio) to compensate my advisor, and I may owe a back-end sales charge if I sell those shares within a year of purchase. Depending on my investment time horizon, one or the other share class might be more advantageous for me. The bottom line is, I’m paying to own shares of Big Company Example Fund either way, but the share class lets me decide how to pay.

## R SHARES

R shares structure pricing differently, but with a similar purpose: they let an employer, or plan sponsor, decide how to pay for the cost of running their plan. Rather than charge a percentage upfront, R shares only use internal expenses to compensate outside parties like the advisor, the recordkeeper, and the TPA. Because internal expenses come out of plan assets, they can eat into participant returns. So the higher the internal expenses (expense ratio), the more the participants are footing the bill for plan costs.

Alternatively, depending on the R share selected, the plan sponsor may choose to foot more of the bill, rather

than pass it on to their employees, or plan participants.

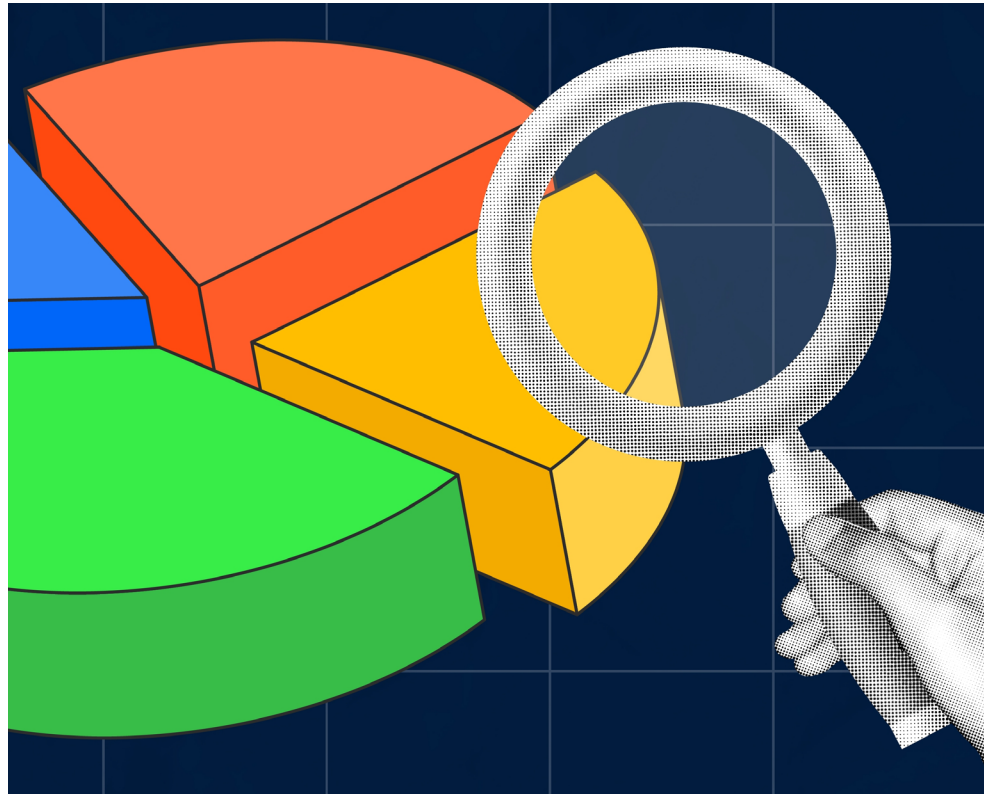
Within a fund family, R shares typically exist across a spectrum, with expense ratios ranging from highest (R1) to lowest (R6). R1 shares can incorporate payments to several parties to the plan (advisor, recordkeeper, TPA, etc.), while R6 shares, also known as “zero-revenue” or “clean” shares, only include fund management costs. When evaluating expenses between fund families, it’s important to compare apples to apples: holding the R1 share expenses of Big Company Growth Fund up against the R6 share expenses of Grand Company Growth Fund would compare two different baskets of fees, and wouldn’t be an accurate reflection of relative costs.

## WHY R SHARES MATTER

Let’s dive into why R shares are a big deal. If you’re involved in managing 401(k) plans or other retirement accounts, understanding R shares is essential. They can seriously impact both the plan sponsor and the participants. For plan sponsors, choosing higher expense ratio R shares can help reduce out-of-pocket costs, which can be especially attractive to new and/or small business that are still getting a handle on their cash flow. But here’s the catch: this choice shifts the financial burden to participants, potentially lowering their investment returns over time. Understand that business owners themselves are usually participants as well, so their own investment returns would be affected. It’s especially important that



“WHEN EVALUATING EXPENSES BETWEEN FUND FAMILIES, IT’S IMPORTANT TO COMPARE APPLES TO APPLES.”



highly compensated decision makers for the plan understand that choosing this option means they are using their retirement savings to pay for the plan.

On the flip side, opting for a lower expense ratio share class like R6 shares means the plan sponsor shoulders more of the costs directly, giving participants better growth potential for their retirement savings. Plan sponsors can pay these direct costs with business assets, charge them to participant or plan-level accounts, or use a combination of the two. Paying direct plan costs using business assets can garner owners a tax deduction, or even a tax credit through the SECURE 2.0. Act, another advantage for the owner. While charges to participant accounts must be disclosed, and typically show up as a line item on a participant statement, this arrangement makes fees more transparent to participants than do the embedded costs of a higher expense ratio R share.

#### MAKING INFORMED DECISIONS

When you’re guiding clients or

discussing options with recordkeepers and advisors, keep these key points in mind:

- **Participant Impact:** How will the expense ratios affect participant returns? Higher ratios can mean lower returns, which could impact retirement readiness.
- **Plan Sponsor Costs:** What’s the sponsor’s budget for plan expenses? Can they afford to pay more out of pocket to benefit participants?
- **Disclosure Requirements:** Make sure any charges to plan accounts are transparently disclosed and easy for participants to understand. This is a legal requirement.
- **Advisor Compensation:** Know the advisor’s preferred compensation structure and how it matches up with the chosen R share class.

The goal here is to strike a balance that works for the advisor’s need to be compensated for service to the plan, the plan sponsor’s financial situation and the participants’ need

for solid retirement savings. Regularly reviewing the plan’s structure and making adjustments as the business grows can help keep this balance in check.

#### WHERE TO GET MORE INFORMATION

If you want to get into the nitty-gritty details of R shares, check out these resources:

- Mutual fund prospectuses and statements of additional information (SAIs)
- Recordkeeping service agreements and sales literature
- Industry websites and publications
- Financial advisors and consultants specializing in retirement plans

Understanding and leveraging the right R share can make a significant difference in the management and success of a retirement plan. By considering these factors and making informed decisions, plan sponsors can optimize their plans for the benefit of all participants. **PC**

# STUDENT LOAN MATCH, PLESA, AND EPED: ARE WE MISSING BETTER OPTIONS?

TPAs and plan sponsors are rethinking SECURE 2.0 features as outside solutions offer simpler, smarter alternatives. By Theresa Conti

**We all know that under the SECURE 2.0 rules, we can now make matching contributions to participants that have student loan repayments and may not be able to contribute to the plan otherwise.**

We also have the Pension Linked Emergency Savings Accounts along with other Emergency distribution options available in retirement plans. But are these options being used? Are plan sponsors even asking about adding them to their retirement plans?

Let's start by talking specifically about the Student Loan Repayment matching. I believe that plan sponsors are starting to talk about this option for their retirement plan but based on my discussion with several TPAs, most employers that may want to add this feature are often using safe harbor non-elective contributions or not even making matching contributions to the plan, so these employees are already benefiting by the employer contribution that is being made to the plan or it won't make a difference for the participant anyway. For these employers, it may not be necessary to add the option of Student Loan Repayment Matching. And for plans with employer matching options, there are rules for proving what the participant is paying for the student loan payments and the timing of making the matching contributions

to employees that are meeting the requirements that might affect other parts of the plan (like the non-discrimination testing).

But we also know that student loan debt is massive for employees. Employees have said that some sort of student loan repayment assistance is in their top 3 desired benefits and 86% of employees would commit for 5 years if employers helped them pay back their student loans. Many employees also report that almost one-third of their paycheck may go to student loan payments!

Did you know that an employer can offer a student loan repayment benefit (also called "employer student loan contributions" or "employer student loan assistance"). This is a benefit plan that allows companies to pay back a portion of their employees' student loans on their employees' behalf. This became an option under the 2020 CARES Act and the Consolidation Appropriations Act of 2021. An employer can contribute up to \$5,250 per employee per year tax-free to an employee's student loan. That may be a much better option for an employer who wants to help an employee with student loan debt.

For the student loan repayment options and the student loan repayment benefit, there is a company called Highway Benefits that is providing additional information to

plan sponsors that may want to have options on what they are providing to their employees. Highway benefits can also help with the verification of the student loan repayments if plan sponsors want to do the matching relating to the student loan repayments so that piece can be taken off the employer's plate to do the verification.

Let's now talk about the PLESA and other emergency distribution options that can be added to a retirement plan. The rules surrounding PLESAs that mostly relate to the requirement that you allow a monthly distribution with no fee is turning off both TPAs and recordkeepers and gives them no incentive to even want to include this option in a plan. The distribution option for emergencies allows a distribution of \$1,000 each year for an unforeseeable or immediate financial need relating to a necessary personal or family emergency. This type of distribution must also be repaid within 3 years, and no further distributions can be taken until repayment is complete.

Based on my discussions with TPAs and recordkeepers, plan sponsors are not asking about adding the PLESA option to their plan. Some TPAs are telling me that their plan sponsors are allowing the emergency distribution option. But just like the student loan repayments that we discussed, there





are other options available for plan sponsors that want to help their participants.

The administration of these additional distribution options again is turning off both TPAs and recordkeepers from wanting to offer these types of options in the retirement plan. The management may make them want to consider other options for emergency savings and in the case of emergency withdrawals. I am sure that there are many options out there that a financial advisor can assist with along with providers such as Sunny Day Fund. The Sunny

Day Fund's entire message is that "Sunny Day Fund's emergency savings programs help employees save for rain or shine. It's a cost-effective employee benefit that drives well-being and financial freedom." Using this type of service just like we discussed when it came to student loan repayments, gives a plan sponsor and participant a similar benefit without worrying about annual plan testing and the administrative burden.

These conversations should be part of an overall financial wellness program that the retirement plan advisor can help you with in order

to provide these options to plan sponsors and ultimately to the plan participants. Since TPAs are plan consultants, we should be familiar with options that are available to plan sponsors that may work better for your client and for the plan participants. The other thing to mention is that as TPAs who want to continue to grow our businesses, having relationships such as with Sunny Day Fund and Highway Benefits (along with many others that are out in the marketplace), continue to add value to our plan sponsor and financial advisor relationships! **PC**



## BEYOND THE PIGGY BANK

Creating successful offshore TPA partnerships through communication, shared ownership, and process improvement. By Colleen Windham and Asaduzzaman Rana

### **While attending a local fair in Bangladesh,**

I bought my 4-year-old son, Wafi, a piggy bank. When he asked what it was for, I told him it was for saving money—and why that matters. I explained that I work in an industry that helps people save for their future, just like a piggy bank does. After a pause, he replied, “So you help other people get piggy banks, too!”

Even though my team and I work on the opposite side of the globe from most readers, we’re all working together on a grand scale to help business owners and employees prepare for their financial futures—plus save on taxes, too. However, operating globally creates challenges: deadlines, communication hurdles, time zone differences, and an ever-increasing flood of client requests.

Colleen, my U.S.-based TPA counterpart, and I have worked successfully to overcome these challenges. Our goal is to provide practical solutions that help TPAs bridge the gap between U.S.-based and offshore administrators to increase collaboration, improve work product, and drive success for our mutual clients—while saving our sanity, too.

In practice, Asad and I have identified three major pain points in offshoring:

1. Communication issues that result in rework and wasted time.
2. Stressful deadlines that lead to delays in completing work.
3. An overwhelming number of client requests for testing and compliance, making it difficult to juggle competing priorities.



“LIKE MY U.S. COUNTERPARTS, I SUPPORT OUR OFFSHORE TEAM AND OVERSEE QUALITY CONTROL. THAT PARTNERSHIP HELPS US SUCCEED WHILE ALSO PROMOTING TEAM GROWTH.”

To address these challenges, we believe the first step is a mindset shift. Offshore TPAs are not just task executors—they are people, like you and me. They have families, career goals, and a strong desire to see our clients succeed. Encouraging them to take ownership and ask questions helps them grow—after all, we all started somewhere—and also gives us new perspectives on how to improve our processes.

Over the years, I've seen offshore teams expected to perform complex compliance testing with minimal communication, only for the U.S.-based administrator to grow frustrated when valuations didn't return as expected.

For better outcomes, Asad and I recommend sending offshore administrators specific summary notes in advance. We used daily check-in emails with short summaries for each plan in the queue and highlighted key items—partial-year compensation, exclusions, special allocation requests, and so on.

Yes, much of this information already exists in software, plan documents, or saved emails. But a simple message such as: “ABC Plan is coming to your team tonight for a profit-sharing allocation. This plan is a takeover and excludes bonuses. Please ensure the administrator captures eligibility from the prior TPA report and runs a 414(s) test” goes a long way.

It helps direct attention to potential issues and ensures the contribution calculation is accurate the first time.

A good rule of thumb: “If I were to sit down and do this plan from start to finish, what information would I need to succeed?”

Regarding IRS deadlines, there's constant pressure to move quickly. While we can't satisfy every client all the time, Asad and I found that sending a priority list helps immensely. It may sound simple, but offshore team members typically don't speak with clients and aren't aware that a specific calculation is urgent because a CPA needs to file taxes. They work from task lists—but without knowing client expectations, they can't prioritize effectively.

We routinely discussed which plans needed to be rushed. Still, we always built in a buffer of a few days, knowing last-minute corrections can and do happen.

As a senior team leader in Bangladesh, I've found that proactive communication from the U.S. team reduces mistakes, and ongoing feedback helps us improve. Like my

U.S. counterparts, I support our offshore team and oversee quality control. That partnership helps us succeed while also promoting team growth.

I want to know when something unusual comes up—a client with a nonstandard plan document, a valuation requiring rework due to error, or anything else that needs extra attention. Colleen and I regularly reviewed complicated plans, and sometimes she asked me to personally re-review team rework so the client could receive accurate results faster.

Of course, not every plan is straightforward. If you need something unique for a client, just ask. For example, Colleen and I worked on several brokerage account plans where we knew the overall contribution but didn't know the year-end receivable amounts by source. This differed from plans held with recordkeepers. Offshore teams can often find smarter, more efficient solutions—if they know the nuances. In this case, we developed a reconciliation template that we now use across all brokerage plans to track receivables accurately, saving time and reducing errors.

Naturally, things don't always go as planned. Mistakes happen. Valuations come back with errors or missing data. I understand the need to “just get it out the door,” but when possible, I encourage direct feedback to the offshore team instead of quietly fixing it yourself.

Think back to when you were a new administrator. Someone gave you review notes so you could learn. (For me, I'll never forget my first failed ADP test—returned because I didn't realize distributions needed to be adjusted for gains and losses!) Even small corrections offer learning opportunities.

For example, Asad and I encountered an issue where vesting data from prior TPA reports was missed because the offshore administrator relied on software to calculate it. After correcting the report, Asad created a simple checklist for his team to ensure that step wasn't overlooked again. That one change improved accuracy and consistency in all future valuations.

We all want smooth, timely valuations. Communication barriers, tight deadlines, and competing client requests make that challenging. But Asad and I urge you to remember: no one is a robot. Proactive communication is key, and we're all working toward the same goal—making each 401(k) plan a success. **PC**



## WHAT TO EXPECT WHEN YOU'RE EXPECTING...YOUR FIRST PLAN AUDIT

How plan sponsors and TPAs can prepare for a successful audit.

By Travis Jack & Gwen Mazzola

### Crossing the audit threshold for the first time can create uncertainty for plan sponsors—

especially when internal teams have limited experience with Employee Benefit Plan (EBP) audits. However, with early planning, clearly assigned responsibilities, and support from experienced service providers, the process can be a valuable opportunity for improving operations and strengthening fiduciary oversight. It also provides plan service providers, such as Third-Party Administrators, the opportunity to add significant value in helping guide the decision-making process and assist in determining who they will be working with.

Key best practices include:

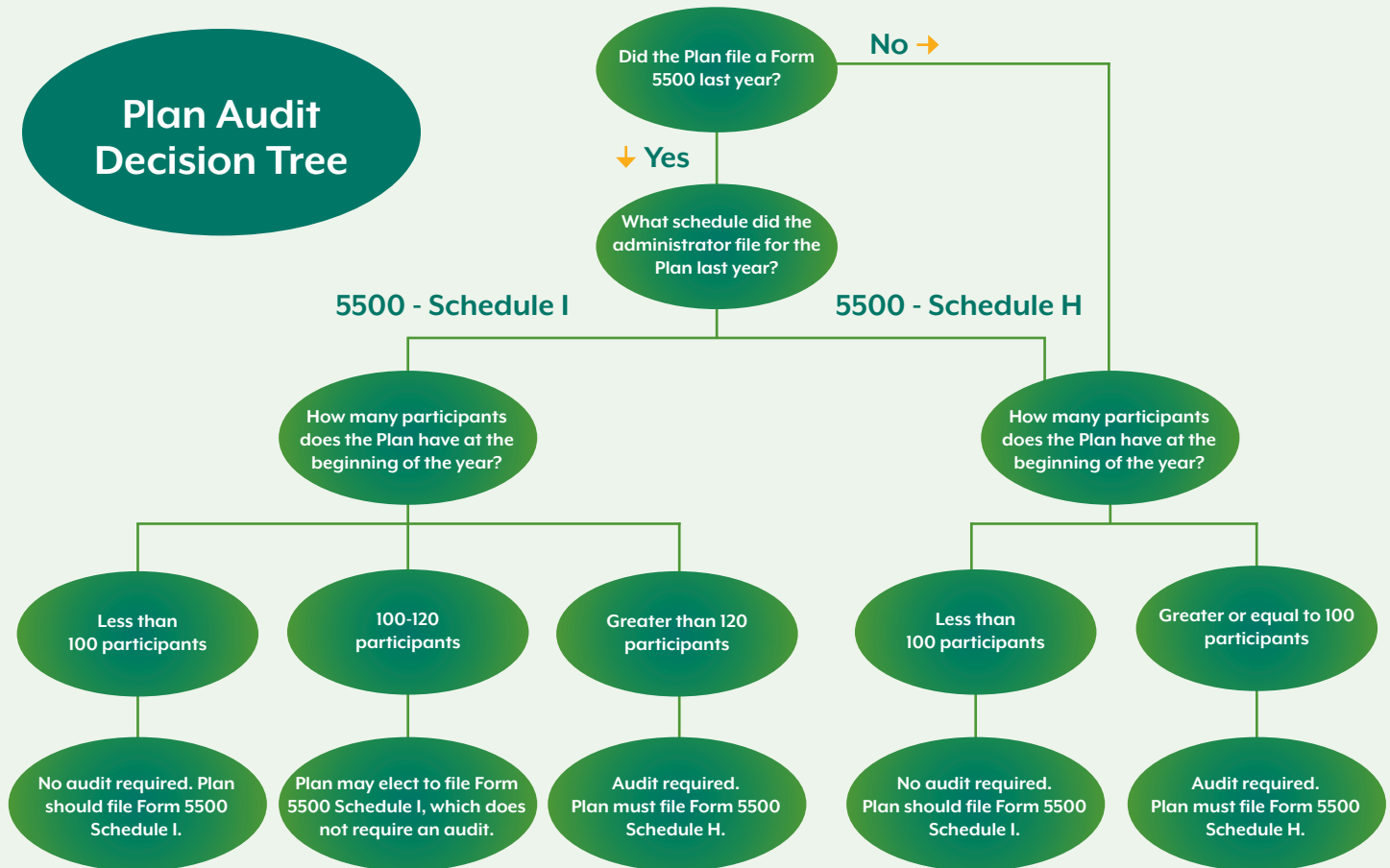
- Selecting service providers with the right experience and fit
- Establishing a clear timeline and defining responsibilities early
- Starting the process well in advance of deadlines
- Ensuring data is complete, accurate, and accessible
- Viewing the audit not just as a requirement, but a chance to improve plan compliance, operations and controls

### WHY DO WE HAVE TO DO THIS IN THE FIRST PLACE?

The Employee Retirement Income Security Act of 1974 (ERISA) was enacted to help safeguard private pension funds. As part of that legislation, the administrator of an employee benefit plan subject to ERISA must file an annual report with the Secretary of Labor. ERISA Section 103(a)(3) further elaborates that a plan administrator must engage, on behalf of all plan participants, an independent qualified public accountant (IQPA) to conduct an examination of the plan's financial statements to form an opinion on whether the financial statements are presented in accordance with generally accepted accounting principles (GAAP).

IQPA audit requirements beginning for reporting periods Jan. 1, 2023, plans are directed to count only the number of participants/beneficiaries with account balances as of the beginning of the plan year. The one exception is for the INITIAL plan year, the number of participants with balances at the END of the Year is used to determine if an audit is necessary.





Data and decision criteria for the ERISA Audit Requirement Decision Tree was reviewed and verified with latest professional standards notated in Appendix A of the 2024 AICPA EBP Audit Guide. Note the simplified decision tree denoting Schedule I may qualify to file as 5500-SF and both the 5500-SF and Schedule I filings do not require an IQPA report to be attached.

In addition to utilizing the criteria above in determining the necessity of a plan audit; there is a likely possibility that the Plan may be eligible for a 103(a)(3)(c) audit [formerly known as a *(Limited Scope)* audit]. Under certain conditions, plan management can elect an **ERISA Section 103(a)(3)(C) audit**, which allows the auditor to **exclude certain investment information from detailed testing** if that information is certified by a qualified bank, trust company, or insurance company.

#### SELECTING AN AUDIT FIRM: INVITE, INTERVIEW, IDENTIFY

Identifying the right audit firm is one of the most consequential decisions a plan sponsor will make related to how the EBP audit process will likely go. Ideally, outreach

and preliminary interviews begin prior to the end of the plan year to ensure alignment before year-end activities commence.

Critical evaluation factors include:

- The number and frequency of employee benefit plan audits performed by the firm
- Whether the firm is a member of the AICPA's Employee Benefit Plan Audit Quality Center (EBPAQC)
- Specific experience of the lead engagement partner and supporting team members with plan audits similar in size and complexity to the Plan type quoted

Additional relevant data:

- Responsiveness and clarity during the proposal and RFP process
- The percentage of audits delivered on the initial filing deadline those filed under extension (or asking references on if delivery timeframes meet expectations of the Plan Sponsor team responsible for the audit)
- Price including considerations for fixed-fee pricing and any multiyear pricing guarantees/future renewal terms

As a plan service provider, there is a lot of value a Third Party Administrator (TPA) can add to the client experience of this initial audit. You are in a unique position to fully vet the various audit firms and help steer the client decision, as you will also be working closely with the auditor and timing and extent of their procedures may impact the TPA compliance team's workflow. Maintaining a file of auditor RFP responses and summarizing into firm profiles may help make the audit firm selection process more efficient if you service a number of audit sized plans. Additionally, the responsiveness in the proposal process may be indicative of communication turnaround times and overall responsiveness of the audit team during the EBP engagement.

Helpful DOL Resources for assistance evaluating audit firms:

- Choosing an Auditor Guide
- Many of the factors and questions above related to quality are statically correlated to drivers of EBP Audit Quality and samples with deficiencies, noted in the: [EBP Audit Quality Study \(2023\)](#)

### START EARLY, STAY AHEAD

Transitioning from filing a 5500-SF or Schedule I to a full 5500 filing accompanied by an audit report is a major operational shift. The first year, in particular, often carries an unexpected administrative burden and a steeper learning curve for internal teams.

Best practice is to start the audit process—including audit firm selection—as early as 90 to 120 days before the plan year-end. This allows ample time for:

- Coordinating internal and external resources
- Aligning audit timelines with internal plan sponsor teams and plan service providers including the audit firm.
- Educating plan fiduciaries and internal staff about what to expect
- Building out any synchronizing data request lists, how information will be exchanged and testing timelines

### AUDIT TIMELINE OVERVIEW (FIRST-YEAR EXAMPLE):

Phase	Duration	Key Activities
Pre-Audit Planning	1-2 weeks	Kick-off call, checklist issued
Document Collection	2-4 weeks	Gathering plan documents, payroll, testing data
Fieldwork	2-3 weeks	Auditor testing and inquiries
Wrap-up & Reporting	1-2 weeks	Draft audit report, management letter, finalize Form 5500

While these timeframes are typical, actual duration will vary based on firm size, auditor experience, service provider responsiveness, and the internal team's availability.

### PRIOR PERIOD CONSIDERATIONS

If the plan was established before the current audit year, the audit team will likely request documentation from prior periods. This may include:

- Certified trust statements and participant statements for one to three prior years
- Payroll and census data for prior periods
- Support for opening balances, contributions, and participant activity

In the absence of prior audits, additional detail and supporting documentation will be required, and risk assessment procedures may drive the need for deeper dives into prior years.

### AVOIDING COMMON PITFALLS

To avoid unnecessary issues, plan sponsors and service providers should be vigilant about these common audit findings in initial plan year audits:

- Late remittance of employee contributions
- Using incorrect definitions of compensation when calculating contributions
- Missing or unsigned plan documents
- Untimely correction of ADP/ACP nondiscrimination testing failures under IRC 401(k) and 401(m)
- Noncompliant participant loan procedures violating IRC 72(p)
- Incorrect inclusion or exclusion of eligible employees
- Failure to process required minimum distributions

Refer to the IRS list of top failures: [IRS Voluntary Correction Program](#)





“RATHER THAN TREATING THE AUDIT AS A STANDALONE ANNUAL TASK, IT SHOULD BE INTEGRATED INTO A CULTURE OF CONTINUOUS IMPROVEMENT.”

#### PREPARE INTERNALLY

There are a number of data validation steps and internal controls that are helpful regardless of if there is an audit upcoming.

Some initial recommendations to prepare:

- Three-way reconciliation of census, payroll, and trust reporting
- Per payroll period review of contribution remittance for timeliness and accuracy
- Ensuring current, signed plan documents are readily available
- Documentation and tracking of all compliance testing and any corrective actions taken

Strong documentation and reconciliation practices not only ease the audit burden, they also strengthen fiduciary risk mitigation.

#### MAXIMIZE AUDIT VALUE

Despite the time investment required, audits present a unique opportunity for operational assessment and enhancement. Benefits include:

- Improved accuracy of financial and participant data
- Increased clarity around responsibilities across departments and vendors
- Enhanced understanding of regulatory requirements and best practices

Encourage dialogue with the audit team, Plan Sponsor and other plan service providers. Asking questions like: “What recommendations would you have to improve our plan operations?” or “Where do we compare to industry benchmarks?” This can lead to strategic insights well beyond the scope of the audit.

#### FINAL THOUGHTS: A PROCESS FOR CONTINUOUS IMPROVEMENT

Rather than treating the audit as a standalone annual task, it should be integrated into a culture of continuous improvement. After each audit, conduct a debrief to identify successes, bottlenecks, and opportunities to refine workflows. Document those lessons and incorporate changes early for the following year.

Plan consultants, TPAs, and recordkeepers play a pivotal role in this process. By supporting plan sponsors through education, proactive check-ins, and continuous documentation support, it creates the opportunity to elevate the plan audit process together making for a more streamlined client experience. **PC**



# IS IT TIME TO CHANGE SYSTEMS? A TPA'S GUIDE TO SOFTWARE TRANSITIONS

Thinking about changing software systems is a question that inevitably surfaces for any business aiming to grow, adapt or simply run more efficiently. By **Linda Chadbourne**

**For third-party administrators (TPAs) managing retirement plans, this decision can be pivotal.** As operational complexity increases and client expectations evolve, the systems that once supported your business may start to feel more like obstacles than tools. What begins as a few inefficiencies can snowball into a broader concern about whether your current technology is holding you back. And so, many firms arrive at the same question: Is it time for something new?

Imagine a TPA that started out 10 years ago with a lean team, managing

a modest book of business with a basic system. Over time, they gained new clients, diversified their services, added complexity to workflows and saw their staff expand. What once served them well now feels like a patchwork of workarounds. The team spends more time fixing system limitations than delivering high-value service. At this crossroads, leaders begin to explore new software platforms.

The journey toward a new system often begins with the allure of increased efficiency. Modern systems promise automation and integration with other tools that could reduce

repetitive tasks, minimize errors and free staff to focus on strategic initiatives. Client portals improve communication, dashboards offer real-time insights and built-in compliance features ease regulatory burdens. With the right system in place, a TPA can scale operations, improve client experiences and enhance data security.

However, as exciting as the possibilities sound, the road isn't without its bumps. Implementing a new system is a major investment—not just financially, but operationally. Licensing, training, data migration and consultant support can strain



budgets. Teams might be concerned about learning a new interface or temporarily losing productivity during the switch. IT departments may face compatibility challenges when integrating new platforms with existing tools like CRMs or document management systems. And then there's the sensitive matter of data migration: Will everything transfer correctly and securely?

This is where preparation becomes paramount. Before signing contracts or booking training sessions, companies must do their homework. Start by mapping out the current pain points. Are service delays stemming from manual workarounds? Are compliance tasks being done outside the system? What do clients wish they could do online but can't? Answering these questions sets the stage for a clear vision of what the new system must achieve.

From there, the due diligence deepens. Software demos offer a glimpse, but feedback from peers provides a clearer picture. Conversations with similar-sized TPAs who've gone through transitions can reveal which vendors deliver and which fall short. It's equally important to understand data ownership, as some vendors make it difficult to export your own data if you decide to leave later.

One critical part of this process is conducting a side-by-side comparison between the current system and the proposed new system. This exercise helps identify where efficiencies can be gained, what bottlenecks currently exist and how workflows might be improved. By visualizing how tasks will be performed in the new environment, companies can better anticipate the impacts of the transition and validate whether the new system truly supports their objectives.

Once a vendor is selected and a contract signed, the next critical question arises: Should the transition be quick or gradual? A "flip the switch" approach brings everything online at once. While appealing in

its decisiveness, it's also riskier. Any bugs, user errors or data issues will be magnified across the whole company. In contrast, a phased rollout—introducing the new system team by team or function by function—gives time to adjust, learn and improve incrementally. Larger firms usually prefer this method, while smaller teams with less data may find a full switch manageable.

The transition itself unfolds in stages. It begins with a discovery phase, aligning project goals with operational workflows. This is followed by project planning, where leaders establish timelines, assign responsibilities and build a communication plan to keep staff informed. At this stage, preparation and employee readiness become critical success factors. Change management must be thoughtfully integrated into every step of the process. Employees should be brought into the loop early—not only to understand what's changing but also to help shape how the change is executed. Training should be customized by role and skill level, allowing each team member to feel confident in navigating the new system.

Fostering a culture of transparency and support eases anxiety around change. Leaders should anticipate resistance and respond with patience, encouragement and consistent messaging. Open forums, FAQs and internal champions can provide safe spaces for questions and feedback. By investing in employee education and engagement, companies not only ensure smoother adoption but also build long-term ownership and trust in the new system.

The data migration process comes next—an intense period of exporting, cleaning, validating and importing data. After migration, a pilot group typically tests the new system to identify bugs or inefficiencies. Meanwhile, staff training ramps up. Role-specific instruction, open forums for questions and hands-on practice all support a smooth learning curve.

When the system officially goes live—whether in phases or all at once—the work is far from over. In fact, it's just beginning. Monitoring how users interact with the new platform, gathering feedback and refining processes based on that input are essential steps in realizing the full potential of the transition. Internal champions—early adopters who embrace the system and mentor others—can play a vital role in smoothing the cultural aspects of change.

A successful implementation also requires thinking beyond the internal team. Clients must be informed about upcoming changes, provided with guides or tutorials and reassured that their data and service quality will remain protected. Proactive communication here helps maintain confidence and trust.

Other aspects to consider include regulatory compliance: Does the new software support ERISA, IRS and DOL requirements out of the box? Some systems may require cloud hosting, while others work best on-premises. Will cybersecurity protocols need to be updated? Does the system support your business continuity plan?

Even after the dust settles, there's value in revisiting the implementation with a post-mortem analysis. What worked? What didn't? How can future projects be improved? By setting performance benchmarks, companies can assess ROI and track whether the new system is delivering as promised.

In the end, changing software systems isn't merely a technology upgrade—it's a strategic shift that touches every part of the organization. For TPAs navigating a dynamic retirement plan landscape, the decision must be made with clarity, preparation and vision. With the right plan in place, and a team ready to evolve, a new software system can become more than a tool—it can become the engine that powers long-term growth. **PC**



# STRONGER TOGETHER: HOW MENTORSHIP BUILDS THE TPA COMMUNITY

How mentorship strengthens the TPA community by building connections today and developing leaders for tomorrow. By Colleen Windham

I nervously clicked “submit” for my online application, closed my laptop and told my husband, “I’m not exactly sure what I did, but I hope it works out.” I was new to ASPPA, knew virtually no one in our TPA community, and had just applied for the Thrive Mentoring Program. I felt like I had launched myself into a giant black hole and hoped that things would work out on the other side. Well, even though I wasn’t sure what would happen at the time, the path I walked down by choosing to intentionally engage in a professional mentoring relationship has been an absolutely enriching experience.

Now, as co-chair of the Thrive Mentorship Committee, I am passionate about fostering mentorship within the TPA community and giving everyone the opportunity to participate — whether it is to grow their own skills or invest

in the life of someone else. Of course, we are all aware that mentorship (done correctly) is important and beneficial to our organizational culture and even our personal performance, but what does an effective mentoring relationship really look like?

First of all, a wise mentor once told me that the mentee drives the relationship by creating its content and general direction. Though the mentor wants to help the mentee grow and expand his or her horizons, the mentor will still need some direction as to what the goals are and what the mentee wants to gain or achieve. In my original ARA Thrive Mentorship application from years ago, I had written, “I understand that I don’t have all the answers and would like to listen, learn and engage with someone who can give me wisdom and help me be a more effective TPA.” While it was a good professional goal, it needed specificity. Was I looking to learn more about

“IN A NUTSHELL, MENTORING IS ABOUT CARING FOR THE OTHER PERSON AND BEING VESTED IN THEIR SUCCESS, AND THERE’S NO AGE LIMIT OR AMOUNT OF EXPERIENCE NEEDED FOR THAT TYPE OF RELATIONSHIP.”

compliance testing? 5500s? Setting up new plans? As part of the overall process, I expanded the general phrasing into more specific and precise goals to help both me and my mentor be successful in our relationship together.

Of course, everyone is busy, and having those specific goals helps with communication between the mentor and mentee. It creates a roadmap and helps the mentor suggest next steps for the mentee to take before the next meeting. Now, when scheduling the next meeting in my formal mentoring relationships, I have stuck closely to a practice of setting the next meeting time during the current meeting time, which helps safeguard that mentorship time from the other demands of life vying for a spot on the next month’s calendar. As the old adage says, “Consistency is key!” It saves quite a few back-and-forth emails, too.

Granted, some mentorship relationships might last for months or years — or even your whole TPA career — but for new mentor/mentee relationships, it can be helpful to take some of the pressure off by setting an overall time window for the number of meetings (i.e., one year) and the number of times to meet within that period (i.e., once each month for 45 minutes). This can help transform a very nebulous statement such as, “My mentor and I are going to set up meetings for the future,” to, “My mentor and I are going to meet once every two weeks for 30 minutes each for the next six months,” which is less overwhelming and more manageable. Then, at the end of the time period, it gives both mentor and mentee an opportunity to reassess their availability and the overall status of their relationship to see if they would like to continue the ongoing mentorship or pursue a different direction for the future.

During the February 2025 Women in Retirement Third Thursday Virtual Forum, one of the topics explored was that though the mentor is endeavoring to help the mentee grow, the mentor does not have to be an absolute expert in the retirement industry. With all of the rules and regulations surrounding 401(k)s, nobody can know every single detail. From my vantage point, it’s absolutely OK to say, “That’s a great question! I need to do a bit more research to get you the answer, but I’ll get back to you by our next meeting.” Sharing an article, a resource or a connection can sometimes be the best way to help a mentee grow. I made the comment during the forum that “I’m not a vending machine.” I truly don’t have to have all the answers at my fingertips, but needing to get additional resources or support shows I’m human — just like everyone else. In a nutshell, mentoring is about caring for the other person and being vested in their success, and there’s no age limit or amount of experience needed for that type of relationship.

Now what happens when a mentee and mentor begin a relationship and decide it’s not a good fit? This can always be hard to manage. Though everyone means well, sometimes the relationship just doesn’t work out. There could be a personality difference, a recurring scheduling conflict or the mentee’s goals might simply change. Addressing this potentially awkward situation involves courage on the part of both the mentor and mentee to have an honest discussion about how the relationship is actually going (not how they would like it to be) and their associated feelings about the relationship — though this part can be harder than discussing the actual problem itself. Sometimes, it’s a bit easier to set regular check-in points where the mentee and mentor both know they are going to be assessing the health of the relationship, which can help alleviate pressure. For this type of reflection, it can be helpful to ask questions such as: “Do I still feel engaged and excited about this relationship? If not, why not?” “Am I still growing as a mentee, or am I still able to help the mentee? If not, is there another mentor/mentee relationship that I’m better suited for?” Though mentors and mentees do endeavor to show up as their best selves, recognizing that things can and do change over time is a hallmark of a successful and engaging mentoring relationship.

During the virtual forum, one of the resounding mentoring myths that rose to the surface multiple times was the idea that each of us doesn’t have something of value to give in a mentoring relationship; many professionals have faced a feeling of inadequacy. However, though it may feel that way at times, we are all gifted with our own unique experiences and perspectives. No one has ever quite walked the same road that we have, and we all have value to share with others. I would encourage everyone to consider their strengths and abilities to see how they can encourage and uplift those around them in our community. For companies that have in-house formal mentorship programs, that is a great place to start. For those companies where an in-house mentorship program is not an option at this time, the American Retirement Association has two avenues for participating in a formal mentorship program — the Thrive Mentorship Program, which is for women in all five sister organizations within the ARA, and the NOW (Nourish Our Wealth) Mentorship Program, focusing on promoting racial and ethnic diversity throughout the retirement industry. Whether you are new to the TPA industry or a seasoned professional, I invite you to consider what could be your next step on your mentorship journey — either as a mentee to expand your skill set or as a mentor to give back to our community. **PC**





# 2025 NAPA 401(K) SUMMIT: 3 TAKEAWAYS SHAPING THE FUTURE OF RETIREMENT

What happens in Vegas might just reshape the retirement industry. By Katie Boyer-Maloy

**After a decade of attending industry conferences,** I've grown accustomed to what to expect from most events. But the 2025 NAPA 401(k) Summit in Las Vegas exceeded even those seasoned expectations. Held at the stunning Fontainebleau hotel, the Summit gathered more than 3,000 retirement plan professionals for four days of innovation, collaboration, and connections.

While I'm used to more traditional exhibit hall setups—think modest booths, branded pens, and the occasional clever giveaway—this event took everything to a new level. Imagine two-story booths, chair massages, an oxygen bar, DIY cocktail kits, AI-powered photo booths, and much more. But the true value wasn't found in the glitz and giveaways—it was in the thought leadership and big ideas being shared in each of the sessions. Here are three of what I consider the most impactful takeaways that resonated throughout the event.

## REIMAGINING PARTICIPANT ENGAGEMENT

Engaging employees in their retirement plans remains one of the industry's biggest challenges. Despite significant investment in digital tools and improved user experiences, many participants remain disengaged or overwhelmed.

The consensus across attendees was that meaningful engagement starts with personalization. Communications must be tailored, thoughtful, and empathetic—meeting individuals where they are. It's also crucial for all stakeholders (recordkeepers, financial professionals, TPAs) to present a unified, consistent message. We are stronger and more effective when we collaborate as one team working toward a common goal.

It's also important to acknowledge that personal finance can be emotionally charged. Retirement planning can bring anxiety and uncertainty, particularly for individuals who feel



unprepared. In-person conversations remain a powerful way to build trust, alleviate concerns, and help participants feel seen and supported.

#### THE POWER AND RESPONSIBILITY OF DATA AND AI

A major theme throughout the Summit was the transformative role of data integration and AI. Demand for streamlined, connected systems is surging—whether for payroll uploads, census collection, or delivery of required notices. The exhibit hall showcased a growing number of vendors specializing in application programming interface (API) connectivity. This technology can replace complex point-to-point integrations with a more flexible and scalable architecture to connect data and applications.

At the same time, AI is emerging as a resource with significant promise for reducing administrative burden and increasing profitability. Many firms are actively exploring how AI can enhance their practices, but success will depend on thorough and compliant adoption. Organizations must carefully vet technology partners to help ensure alignment with cybersecurity standards, regulatory rules, business goals, and operational needs.

The takeaway is clear: The future of retirement services is digital, and the resources are here. Now it's up to us to implement them responsibly.

#### INNOVATION WILL FUEL THE INDUSTRY'S NEXT CHAPTER

Whether it's the rise of pooled employer plans (PEPs), in-plan retirement income solutions, lifetime income options, or the embrace of social media for thought leadership—innovation is shaping the path forward.

The past decade brought nonstop evolution to the retirement space, and there's no sign of slowing. To stay relevant, we must be open to reimagining how we serve clients, how we structure our teams, and how we market our expertise. From TikTok videos to 3(16) services, the appetite for fresh, forward-thinking strategies was evident throughout the conference.

Change is constant, and embracing innovation is no longer optional, it's essential.

#### A FEW WORDS ON THE FUN

Of course, it wouldn't be a NAPA Summit without some memorable entertainment. Whether it was rocking out to The Royal Machines and Tone Lôt (yes, that Tone Lôt), throwing darts with industry peers, sipping prosecco with the WIPN crew, or sharing a moment with Elvis himself, the After Dark events brought joy, camaraderie, and a touch of Las Vegas magic to the experience.

Kudos to the planning committee for orchestrating a stellar event that combined substance, inspiration, and connection. The 2025 NAPA 401(k) Summit raised the bar, and I'm already counting down to next year's gathering in Tampa. **PC**

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## FIND YOUR OWN JUICE - REWARDS FOR GETTING OUT OF THE BOX

Squeezing the most out of your brand to stand out in the retirement plan industry

By Theresa Conti and Chad Johansen

**We remember the good old days—when we could just sit at our desks and wait for the phone to ring with a new plan opportunity.** We had relationships with financial advisors, CPAs, and others who brought us new business simply based on our connections and reputation.

But in today's world, we must do so much more to stay competitive in the retirement plan marketplace and ensure we continue to receive business

from financial advisors, wholesalers, CPAs, and other influencers.

How do we make sure we're getting noticed? How do we figure out what the "right" things are to do to make sure our brand gets recognized? As most of us have learned along the way, getting recognized is a challenge—especially when many of the people we want to notice us still don't fully understand what it is we do.

The most important thing to remember when talking about

marketing in general is your brand. Having a strong brand—and increasing your brand awareness—will show through in all the other marketing efforts we'll discuss. So, what is your brand?

Your brand is not just a color scheme, logo, or tagline. Your brand is the feeling someone gets when they think about you, your firm, and the services you provide. It's the perception others have of your value—and, truthfully, it should be the perception



“YOUR BRAND IS NOT JUST A COLOR SCHEME, LOGO, OR TAGLINE. YOUR BRAND IS THE FEELING SOMEONE GETS WHEN THEY THINK ABOUT YOU, YOUR FIRM, AND THE SERVICES YOU PROVIDE.”

you have of your value. For your brand to shine, it must be authentic. Authenticity comes from believing in your brand and what it represents.

Your brand awareness should highlight your expertise, trustworthiness, and overall value. When you promote your expertise and value, emphasize how you're different from your competitors. That means you need to determine who your competitors actually are.

I personally believe (this is Chad) that a TPA's competitors aren't other independent TPAs. Our competitors are bundled administrators, payroll providers, and firms that diminish the value of a consultative, knowledgeable, and accountable compliance partner.

There's a growing movement around building your brand, and many professionals use LinkedIn to share their successes and failures as they market themselves. Some of the brightest minds in our industry have built careers helping financial services professionals shine.

Three years ago, Sheri Fitts launched a conference called SWAY to help you grow your brand. It's an amazing experience that encourages you to reflect on your purpose and explore the many ways to grow your brand. This isn't a typical financial services event. SWAY truly stands out. Sheri has infused the event with her personality, encouraging us all to become risk-takers with our marketing—to “stand out with your purpose, your vision, and your personal brand.”

An underutilized way to build brand awareness is by creating a referral network. It's concerning how few TPAs ask for referrals. The truth remains: your best source of new business is a client who loves your service. You've already done the hard

work—earning their trust, integrating them into your ethos, and delivering on your promises. Who better to explain why others should work with you?

This is a great way for your brand to “spiderweb” out to prospects you're not directly marketing to. It's essentially free marketing. Build a year-end follow-up process and train your relationship team to comfortably ask whether clients know others who would appreciate your services.

Your brand also needs consistency. Some of the easiest areas to overlook are your website and social media presence. Please ensure your website is up to date. Online standards evolve quickly, and a website with outdated content and images is easily noticed. Unlike the old days, when web development was expensive, there are now many affordable options to refresh your website.

Your social media presence should feel like an extension of who you are. Don't present yourself differently online than you do in person. Be authentic. When it comes to LinkedIn, this means not only having a personal profile but also making sure your company has a presence. Keep your account updated and post regularly to continue building your brand and company awareness.

Don't overthink your posts—share small thoughts, work-related or not. Regularity and consistency matter most. Too many of us don't prioritize social media, but it's important to remember: your clients—especially financial advisors—are looking for you on LinkedIn.

There are many ways to get noticed, and one of the most effective is through video or audio media. Podcasts are increasingly popular and can help expand your reach. Sure, not everyone wants to hear about retirement plans

or their administration—but there are many angles you can explore to attract attention.

Even our co-authors have podcasts that are gaining traction.

Let's talk about some “riskier” ways advisors and TPAs are getting noticed. The Retireholics (which includes one of our co-authors) launched their video marketing efforts in 2015. They've built a loyal following by making retirement plans fun, blending humor with insightful guest appearances. Their success comes from persistence and their ability to get guests to engage in laid-back, honest conversations. Oh—and they also crack open a couple of beers during the show.

They record live every other Thursday and then release the content as video and podcast episodes for those who miss the live show.

We're not suggesting you start the same type of podcast (and they probably don't want the competition). But their success shows what's possible when you take a different approach to a traditionally dull topic. Some advisors are doing similar things—talking about basic financial concepts instead of just retirement savings—and it's helping them stand out in the marketplace.

Sometimes we have to take risks and step outside our comfort zones to get noticed. But those risks still need to reflect you. They can't be forced—they must be authentic.

One word of caution: weigh the risk. As our co-author said about the Retireholics, this approach may not have worked for a brand-new firm. But they were a well-established, 50-year-old TPA with strong industry credibility—and plenty of financial services heavyweights willing to sit on the couch with them. **PC**

# CAPITOL HILL HEATS UP: SUMMER'S HOTTEST RETIREMENT POLICY UPDATES

From committee markups to nominations—what's sizzling on Capitol Hill this season. By Josh Oppenheimer

## Summer has arrived in our nation's capital, bringing with it a wave of legislative activity that's making retirement policy as hot as the D.C. humidity!

While lawmakers may be eyeing their summer vacation plans, they're turning up the heat on efforts to strengthen America's retirement system. From committee markups to nominations, this summer is shaping up to be one for the books in retirement policy circles. Grab your sunscreen and dive into the latest developments from Capitol Hill.

### SCHOOL'S OUT FOR SUMMER...AND TEACHERS ADVANCE CLOSER TO RETIREMENT SAVINGS PARITY

Right before Memorial Day, the House Financial Services Committee voted to advance—with strong bipartisan support—the *Retirement Fairness for Charities and Educational Institutions Act*. This bill would allow 403(b) plans to include collective investment trusts (CITs) in their investment lineups.

CITs, which pool assets from multiple investors like mutual funds or exchange-traded funds (ETFs), provide significant benefits, including greater access to private markets and investment diversification. CITs also typically have fees up to 53% lower than mutual funds, and these cost savings are passed on to participants.

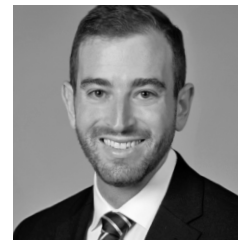
This critical legislation will enhance retirement security for American workers who wish to invest in CITs under their 403(b) plans, a long-standing option already available to private-sector employees through 401(k) plans and government employees through the Thrift Savings Plan. For plan sponsors currently managing 403(b) plans, this change also could significantly expand your investment menu options while reducing participant costs.

The bill now heads to the House floor and then will need to be considered by the Senate.

### NOMINATION HEATWAVE AS KEY RETIREMENT REGULATORS MAKE THEIR MOVES

Several of President Trump's nominees for influential retirement oversight posts have been or are moving closer to confirmation:

- **Daniel Aronowitz**, nominated to lead the Employee Benefits Security Administration (EBSA) at the Department of Labor, appeared before a key Senate committee at the beginning of June and pledged that he will work every day to “unleash and unlock the creativity and full potential of America's employee benefit system.” Aronowitz has spent his career safeguarding plan sponsors and fiduciaries from legal risk while promoting robust governance practices. His confirmation could signal a more collaborative approach to EBSA enforcement and guidance, potentially reducing regulatory friction for plan fiduciaries.
- **Billy Long** was confirmed as President Trump's pick for Internal Revenue Service (IRS) commissioner. A former Missouri congressman, Long testified



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at his confirmation hearing that he plans to implement a comprehensive plan to modernize the agency and invest in retaining skilled members of the team. Confirmed along a 53-44 party-line vote with no Democrat support, Long becomes the sixth person to head the IRS since the beginning of 2025.

- **Janet Dhillon**, former chair of the Equal Employment Opportunity Commission, has been nominated to head the Pension Benefit Guaranty Corporation (PBGC). At her confirmation hearing, Dhillon pledged to work with Congress in pursuing the agency's mission. Her background in corporate governance and policy is likely to steer PBGC through upcoming challenges related to multiemployer plan funding and reforms to the single-employer insurance program. Defined benefit plan sponsors should monitor her confirmation



closely, as PBGC policy direction could impact enforcement priorities and termination processes.

All three nominees will play crucial roles in shaping retirement policy implementation during a pivotal period.

#### RETIREMENT SAVINGS GET A SUMMER BOOST WITH NEW BILLS TO HELP MORE WORKERS SAVE

Summer may be a time for beach days and vacations, but Senators Bill Cassidy (R-LA) and Tim Kaine (D-VA)

are staying busy with new efforts to expand retirement savings access—especially for younger Americans and those who have opted out of plans in the past.

#### THE POWER OF COMPOUND INTEREST

The *Helping Young Americans Save for Retirement Act* seeks to give younger employees a head start on saving. Under current law, employers generally are not required to offer retirement plans to workers under age 21. However, many large employers already do: nearly 60% of retirement plans with 5,000 or more participants have no age restriction, according to the ARA's Plan Sponsor Council of America (PSCA).

The Cassidy-Kaine proposal would encourage even more employers to open their 401(k) plans to workers as young as 18 by delaying costly audit requirements and exempting younger employees from certain plan testing rules. This administrative relief addresses a key concern for plan sponsors who want to include younger workers but worry about compliance costs and testing complications. **PC**





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