



A T É S S A
B E N E F I T S , I N C .

Common Plan Sponsor Risk Areas for 401(k) Plans

Fiduciary Governance¹

- ✓ No Investment Policy Statement or not reviewing the Investment Policy Statement to ensure it is still consistent with investment decisions.
- ✓ Not having appropriate plan governance including plan committees and investment committees.
- ✓ Not having regular committee meetings and not documenting those meetings.
- ✓ Not taking action when issues are discovered and funds need replacing.
- ✓ Not making timely plan contributions.
- ✓ Not understanding the costs of the plan, the revenues collected on behalf of the plan and the implications this has for participants.
- ✓ Not regularly reviewing the service agreements with the vendors and not understanding the provisions of their contracts with these vendors.
- ✓ Not following the plan document provisions.

Plan Administration²

- ✓ Late deposit of deferrals
- ✓ Accelerated deductions
- ✓ Definition of compensation
- ✓ ADP/ACP exclusions
- ✓ HCE misclassification
- ✓ ADP/ACP corrections
- ✓ Incorrect matching
- ✓ 402(g) limit
- ✓ Safe harbor notice delivery
- ✓ Hardship distributions

¹http://www.lockton.com/Resource_/PageResource/MKT/Fiduciary%20Risk%20Mitigation-KjarSkinner%20low%20res.pdf

²IRS web site page titled "EP Examination Process Guide—Section 2—Compliance Monitoring Procedures—Top Ten Issues—IRC 401(k) Plans," page last reviewed or updated September 2, 2008. Also, see the baseline analysis on the IRS Web site page titled "EP Compliance Risk Assessments—401(k) Report," page last reviewed or updated March 4, 2009.