



**nipa**  
National Institute of  
Pension Administrators

Moving TPA  
Businesses Forward

## How Your Client Benefits from a Third Party Administrator

**The mission of a Third Party Administrator (TPA) is simple: to act as an “Independent set of eyes,” protecting the client’s best interest and ensuring compliance for their retirement plan.**

### Accuracy

A TPA is focused on ensuring accuracy and compliance for the retirement plan. We verify and review:

- Eligibility
- Participant deferrals
- Employer calculations
- Errors associated with participant accounts
- Oversight of contributions, reports and fees assessed by an investment company

This level of reconciliation is not performed by any other entity including an investment company (full service or unbundled) or the Plan auditor. When not reconciled, it creates the possibility that errors may exist in participants’ accounts. (Under funding of participant accounts can result in penalties and interest; over funding can force the employer to make similar contributions to other participants if not rectified.)

We use several sources of information to verify the accuracy of an individual’s account. We don’t simply import data into a software program; we rely on the expertise of a highly trained staff member with real knowledge of your plan.

Specialist advisors who operate as a 3(21) or 3(38) fiduciary do so to ensure the Plan Sponsor is properly insulated from the errors and complexities regarding the investments. By working with a TPA, the client is getting ultimate protection on the most exposed and scrutinized aspect of the Plan.

### Compliance Testing

In addition to reconciliation, a TPA also performs the compliance tests of the Plan. These tests are mandatory and complicated. If an issue comes up during testing a full service provider might not make recommendations or provide solutions that address the issue beyond standard remedies. Furthermore, as a specialist advisor, it can be challenging to articulate ideas, concepts or solutions if you are not performing these tests every day. A TPA will partner with you and provide to the client the optimal solution because of our collective expertise and intimate knowledge of retirement plan rules and regulations. TPAs are able to look at a plan on a more personal level than a large institutional organization. TPAs give each plan a thorough review of various testing options for the most favorable results. With a TPA, you are not just another plan.

## Comprehensive Accounting

Once the TPA has completed the testing of the plan, they begin the accounting work. This includes:

- Reconciling of each participant account
- Reconciliation from payroll to deposits at the investment company
- Calculation of vested benefits
- Creating a participant benefit statement with reconciled/ invested balances
- Creation of the Summary Annual Report
- Completing an audit package for the CPA firm for large plans
- Completing the Form 5500 package

Since many TPAs have accounting and auditing plan experience, you will find they are very effective in helping the auditors perform their work on the plan in an expedient manner. This saves the client money and a fair amount of hassle.

What's more, most TPAs assist with all loans and distributions to ensure their accuracy. You will also find a TPA ready, willing and able to answer questions on any topic — from eligibility to rehired employees, participant death or divorce to any other complicated matter facing the plan sponsor. TPAs want to be your resource for complicated matters you alone should not have to research. As a specialist, your time is better spent assisting the plan in other ways.

## Plan Compliance and Regulations

TPAs create and maintain your Plan document to ensure you remain in compliance with any changes in the law or regulations. They continuously review the Plan to see if it is operating in accordance with the Plan document. If not, they will make appropriate recommendations to correct the issue. They will also make recommendations on plan changes when appropriate. This contrasts with providers who usually operate on a reactionary versus proactive basis. TPAs want to work with specialist advisors who understand the nuances and complexities of retirement plans and allow them to think creatively in conjunction with your ideas.

Such a high level offering means the client stays protected from any potential problems or issues.

All of which is why many clients and advisors, once enamored by the full service model, now turn to a locally bundled solution. These smart businesses and successful advisors recognize the value of additional oversight, regular compliance review, the assurance that participants receive accurate accounting of their funds, and the company gets the necessary protection for everyone involved.

### State of the Art Plan Design Support

- Determine proper plan type
- Maximize tax deductions
- Minimize costly mistakes of poor plan design
- Accuracy adhering to Plan Provisions

### Compliance and Technical Expertise

- Merger & Acquisition Activity
- Controlled Group Issues & Compliance
- Assistance with DOL and/or IRS audits
- Legislative changes

### Comprehensive Accounting - Checks and Balances

- Receive Independent review of client census data
- Independent analysis of client vs. vendor data
- Independent services regardless of investment platform

### Client Service and Satisfaction

- Verify Accuracy
- Personalized Service
- Focus on core competencies
- Trust

### Dedicated Partners

- Industry Credentialed Consultants
- Specialized and Experienced Professionals
- Consistent/Long Term Team
- Highly Dedicated Industry Experts

### Local Service

- Available for Sales Meetings
- Available for Client Meetings
- Invested in the Partnership
- Active in the Community

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