



**nipa**  
National Institute of  
Pension Administrators

Moving TPA  
Businesses Forward

## You Really Should Work with a Third Party Administrator

### What do TPAs do?

The TPA works with the plan sponsor to ensure the ongoing accuracy of the plan, minimize the time the plan sponsor has to spend on plan oversight, meet service and compliance deadlines, and coordinate with all parties.

### TPAs assure the accuracy and compliance of plan and participant records including:

- Eligibility
- Employer Calculations
- Loans, QDROs and distributions including Required Minimum Distributions
- Participant deferrals
- Vested benefits
- Reconciling each participant account and resolution of any other errors associated with participant accounts
- Independent review and reconciliation of client census
- Independent analysis of client vs. vendor data
- Oversight and monitoring of contributions, reports and fees assessed by the investment company.
- Plans operations review to ensure they are following the legal Plan Document.
- Audit support

### Plan Compliance and Regulations

- TPAs perform the compliance testing for the Plan. These tests are mandatory and complicated.
  - If an issue comes up during testing, the TPA will make recommendations or provide solutions that address the issue beyond standard remedies.
  - A TPA offers the optimal solution because of their expertise and intimate knowledge of the plan allowing for the most favorable outcome.
- The TPA will maintain (and may design or amend) the Plan document to ensure the client remains in compliance with any changes in the law or regulations. Also, they will continuously review the Plan to see if it is operating in accordance with the Plan document.
  - If not, they make appropriate recommendations to correct the issue.
  - They will also make recommendations on plan design changes when appropriate.
- They can also help to ensure the highest level of compliance on issues like loans and distributions.
- When reconciliation is not performed, 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.) *This level of reconciliation is rarely performed by any other entity including the investment companies, or the Plan auditors.*

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## TPAs Annually

- Create a participant benefit statement with reconciled investment balances and accurate vesting
- Create the Summary Annual Report
- Provide a comprehensive audit package for the CPA firm for large plans and ongoing audit support
  - Many TPAs have accounting and auditing plan experience
  - This allows auditors to perform their work on the plan in an expedient manner. This can save the client money and time.
- Complete Form 5500 and related schedules
- Prepare SPD, employee notices & yearly valuations
- Assist in creating and in some cases distribution of required notices
- Communicate and monitor federal withholding requirements and reporting for plan distributions

## Plan Design and Consulting Services

- Determine the optimal plan type
- Maximize employer tax deductions
- Maximize desired participant outcomes
- Minimize costs for starting up and maintaining the plan
- Minimize costly mistakes of poor plan design
- Develop a plan that encourages recruitment and retention of valuable employees

## Additional Technical Expertise

- Merger & Acquisition Activity
- Controlled Group Issues & Compliance
- Assistance with DOL and/or IRS audits
- Affiliated Service Group determination
- Compensation definitions and guidance
- Advice and assistance with DOL/IRS correction procedures
- Complex funding arrangements (Like ESOP, DB, Non-Qualified)

The TPA's compensation and reputation are based on providing the comprehensive services they have committed to perform. Their success depends on satisfied clients referring them to their peers. Fees are cost-competitive and fully disclosed.

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