

## Retirement plan services

How does a TPA add value to your plan?



Capital Group, home of American Funds, has focused on providing superior long-term results since 1931.

## Keep your retirement plan running smoothly with the help of a TPA

A third-party administrator (TPA) can be one of the most important components of your company 401(k) – enabling you to focus on running your business, not your retirement plan.

### What does a TPA do?

Working in concert with your financial professional and other service providers, a TPA handles the day-to-day administration (and, possibly, recordkeeping tasks) associated with your plan, while helping to keep it in compliance with legal regulations set by the government.

### Five key reasons to choose a plan with a TPA

A good TPA firm can make it more convenient for you to offer your employees a company retirement plan by reducing the time and effort required on your part. TPAs can add value by providing:

#### 1 | Easy and efficient plan administration

You can make your life easier and less stressful by delegating plan administration.

Specific services vary, but TPA support may include:

- Participant loan authorization and tracking
- Tracking and reporting of outside assets (brokerage accounts, real estate, etc.)
- Verification of vesting for participant distributions
- Education meeting support
- Applying employee eligibility and participation requirements
- Oversight of payroll submissions

Central to the services that TPA firms can offer is a single point of contact through a dedicated relationship manager who's familiar with your company and your plan.

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## 2 | Experience and knowledge of retirement plan business

The retirement plan industry isn't only complex, it's constantly evolving. By working with a TPA, you have the opportunity to engage a provider that keeps on top of the current laws and regulations governing your plan. Generally, TPAs may:

- Have employees with advanced training and the certifications needed to serve complex plans
- Assist you with meeting your fiduciary responsibilities as a plan sponsor
- Help ensure that your plan is in compliance with the latest legal requirements set by the Internal Revenue Service (IRS) and the Department of Labor (DOL)
- Act on your behalf in the event of an IRS, DOL or independent audit
- Assist with plan mergers and acquisitions

## 3 | Customized plan design

Since TPAs are independent, they can act in the best interest of your plan. Whether you're starting your first retirement plan or moving your current plan to a new provider, a TPA will help you:

- Choose the right type of plan for your needs – such as a 401(k), 403(b), defined benefit or cash balance plan
- Customize a plan designed to help meet your goals (maximize business owner contributions, optimize tax deductions, match employee contributions to improve participation, etc.)
- Develop and maintain your plan document
- Monitor your plan and recommend future improvements to its design in order to maximize tax benefits and better align the plan with your company's goals

## 4 | Worry-free reporting and testing

Qualified retirement plans must file certain forms and reports with the IRS and the DOL, send out notices

to plan participants, and pass certain IRS-mandated nondiscrimination tests. This can be overwhelming to the plan sponsor since the requirements vary depending on the type of plan and its circumstances. Fortunately, TPAs may help with these tasks, including:

- Annual data collection and census data scrubbing
- Identification of highly compensated employees
- Preparing Form 5500 and attachments
- Compliance testing and related services
- Assisting with DOL/IRS correction procedures
- Assist with preparation and delivery of required notifications and disclosures

## 5 | Good value at a reasonable cost

A good TPA can provide plan-critical services in a cost-efficient manner. For example:

- You have flexibility in how to pay for TPA fees (for instance, they may be taken from plan assets or paid by the company)
- New plans may qualify for a tax credit that could offset costs
- A well-designed plan may actually reduce employer costs, saving the company more in income taxes than it pays in plan contributions

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Your financial professional may recommend a Capital Group retirement plan solution.

**98%** of Capital Group plans include the services of a TPA (as of 3/31/2024).

### Interested in hiring a TPA?

TPA firms come in a variety of sizes, each with its own array of capabilities, services and, sometimes, specialties.

**Ask your financial professional for a TPA recommendation that fits the needs, tax objectives and goals of your company**

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