

Don't Let Your 401(k) Plan Become a Soap Opera

By Ary Rosenbaum, Esq.

I'll admit it freely: I love soap operas. I always have. My favorite show of all time is *Dallas*, a series so iconic that decades later I still made the effort to attend a reunion just to meet Patrick Duffy and Linda Gray. I've also been a loyal viewer of *The Bold and the Beautiful* since 1989, which means I've spent a good chunk of my life watching storylines spiral into betrayals, misunderstandings, missing documents, surprise heirs, and courtroom drama. Soap operas thrive on chaos. Retirement plans should not. A 401(k) plan is not meant to be episodic entertainment. It is supposed to be boring, predictable, well-documented, and drama-free. When a plan sponsor allows loose administration, poor documentation, and unresolved compliance issues to pile up, the plan starts to look less like a benefit program and more like a daytime serial, complete with cliffhangers, angry phone calls, and lawyers entering the scene far too often.

Why Drama Is Bad for Fiduciaries

Soap operas work because nothing is ever resolved cleanly. Conflicts linger. Characters withhold information. Critical documents mysteriously disappear. In the ERISA world, that kind of dysfunction doesn't lead to ratings, it leads to fiduciary exposure. Plan sponsors have a duty to act prudently and solely in the interest of participants and beneficiaries. Drama is the opposite of prudence. Every unresolved operational issue creates risk. Every unanswered participant question creates mistrust. Every inconsistency between the plan document and actual administration creates the kind of factual ambiguity that plaintiffs' attorneys love. Fiduciary breaches don't usually start with

malicious intent; they start with inattention, delay, and the assumption that "we'll deal with it later." That's how a straightforward retirement plan slowly turns into a long-running saga no one asked for.

The Cast of Characters in a Troubled Plan

In a soap opera, the cast is sprawling. In a troubled 401(k) plan, it's no different. You have HR, payroll, finance, recordkeepers, third-party administrators, advisors, at-



torneys, and participants—all interacting, often without a shared script. When roles and responsibilities are not clearly defined, things fall through the cracks. One party assumes another is handling an issue, while the issue quietly grows worse. From a fiduciary standpoint, "I thought someone else was doing it" is not a defense. ERISA expects coordination, oversight, and documentation. If the plan sponsor does not actively manage vendors and internal processes, confusion replaces accountability. And confusion, much like in soap operas, is the engine that drives drama forward.

Missing Beneficiary Designations: The Ultimate Plot Twist

If there is one issue that perfectly captures the soap opera analogy, it is missing or outdated beneficiary information. Nothing sparks chaos faster than a participant's death followed by the discovery that there is no valid beneficiary designation on file, or worse, one that hasn't been updated in decades. This scenario plays out far more often than it should. Participants forget to name beneficiaries. They name a spouse and later divorce. They intend to update the form but never do. Sometimes the form exists but was never properly retained or digitized. Other times, the recordkeeper changed platforms and the data didn't transfer cleanly. When the participant is alive, this feels like a minor administrative issue. When the participant dies, it becomes a full-blown crisis.

When Real Life Becomes a Legal Drama

A missing beneficiary designation turns a routine death benefit payment into a legal quagmire. Who gets the money? The surviving spouse? The children from a prior marriage? The estate? The answer depends on plan terms, ERISA rules, and applicable state law, all of which may point in different directions depending on the facts. Plan sponsors often assume that these disputes are "between the family members." They are not. The plan sponsor and fiduciaries are squarely in the middle because they control the distribution. Make the wrong call, and the plan can face lawsuits from the people who believe they were entitled to the benefit. Even making no call at all can be a problem, as delays and indecision can be framed as a failure to administer the plan properly.

Documentation Is the Script That Keeps Things Orderly

Soap operas run off scripts. Retirement plans run off documents. The plan document, adoption agreement, beneficiary forms, summary plan descriptions, and administrative procedures are the script that keeps the story from going off the rails. When those documents are incomplete, inconsistent, or ignored, improvisation takes over, and improvisation is dangerous in fiduciary administration. For beneficiary issues in particular, the plan document must clearly state what happens if there is no valid designation on file. Many plans default to a surviving spouse, then children, then the estate. Others go straight to the estate. Whatever the rule is, it must be followed consistently. Deviating from written terms because the situation feels sympathetic is exactly how drama escalates into litigation.

The Emotional Side of Retirement Plan Errors

Soap operas succeed because they tap into emotion. Ironically, retirement plan failures do the same thing, but unintentionally. When a beneficiary dispute arises, people are often grieving. They are stressed, angry, and suspicious. A delayed or mishandled distribution feels personal, even if it stems from a technical issue. Plan sponsors sometimes underestimate how emotionally charged these situations become. A simple administrative error can permanently damage employee trust. Participants who see how a coworker's family was treated will quietly question whether the plan is really being managed competently. Once that trust is gone, no glossy enrollment meeting or upbeat newsletter is going to bring it back.

How Small Problems Become Long-Running Storylines

Soap operas are famous for stretching a single misunderstanding across months or years. In the retirement plan world, small problems do the same thing when ignored. A missing beneficiary form today becomes a contested claim tomorrow. An uncor-



rected payroll error today becomes an IRS or DOL issue later. A failure to follow plan terms consistently eventually becomes evidence of systemic fiduciary failure. What makes this especially frustrating is that most of these problems are preventable. Regular plan audits, data reviews, and procedural checklists can catch issues early. Yet many plan sponsors only react when something goes wrong, rather than building processes designed to prevent things from going wrong in the first place.

Why "Set It and Forget It" Is a Myth

One of the most dangerous assumptions in plan sponsorship is that a 401(k) plan can run on autopilot. Soap operas don't write themselves, and neither do retirement plans. Vendors play important roles, but ultimate responsibility remains with the plan sponsor. Delegation is allowed; abdication is not. Beneficiary data, in particular, requires active maintenance. Participants should be reminded regularly to review and update their designations. Systems should flag missing information. Plan sponsors should periodically confirm that beneficiary records are complete and accessible. Waiting until a death occurs is far too late.

Keeping the Story Boring on Purpose

In television, boring is bad. In retirement plans, boring is the goal. A well-run 401(k) plan should have no plot twists. Distributions should be routine. Beneficiary payments should be clear-cut. Compliance reviews should be uneventful. When nothing

exciting happens, that's a sign the plan is working exactly as intended. This kind of boring requires discipline. It requires documented procedures, regular oversight, and a willingness to address minor issues before they become major ones. It also requires plan sponsors to resist the temptation to handle things informally or make exceptions "just this once."

Final Episode: Choosing Order Over Drama

I'll always love soap operas. I'll always smile when I think about Dallas, and I'll probably keep watching *The Bold and the Beautiful* as long as it's on the air. But that love for dramatic storytelling is exactly why I know it has no place in retirement plan administration. A 401(k) plan should not surprise anyone. It should not leave families fighting over benefits. It should not rely on missing paperwork or institutional memory. Plan sponsors who take their fiduciary role seriously understand that their job is to eliminate drama, not create it. In the end, the best compliment a plan sponsor can receive is not gratitude or praise, but silence, the absence of disputes, complaints, and crises. That's not great television. But it's exactly what good fiduciary governance looks like.

THE
ROSENBAUM
LAW FIRM P.C.

Copyright, 2026. The Rosenbaum Law Firm P.C. All rights reserved.

Attorney Advertising. Prior results do not guarantee similar outcome.

The Rosenbaum Law Firm P.C.
734 Franklin Avenue, Suite 302
Garden City, New York 11530
(516) 594-1557

<http://www.therosenbaumlawfirm.com>