

THE ROSENBAUM LAW FIRM P.C.

THE LAW FIRM REVIEW

A Publication for Plan Sponsors and Retirement Plan Professionals

As A 401(k) Sponsor, A Class Action Lawsuit Is The Least Of Your Worries.

There are a lot more things to worry about.

Having my own National ERISA practice for over 8 years, it's been a broken record to hear from 401(k) plan sponsors on how they have nothing to fear about being sued since their plans are small potatoes. The problem with that view is that a big class action lawsuit is the least of your worries as a plan sponsor. This is why you need to be vigilant and diligent in your duties as a retirement plan sponsor. So this article is about the many threats that could hurt you in the pocketbook when it comes to your 401(k) plan.



For the article, click [here](#).

Nitty Gritty Tasks That 401(k) Plan Sponsors Must Complete.

They must be completed.

In life, there are certain tedious tasks that we want to avoid doing. For me, it's usually cleaning the bathroom or changing the bedroom sheets. The problem for a 401(k) plan sponsor is that despite how tedious some tasks are, they are unavoidable because (sounding like a broken record) plan sponsors have a fiduciary duty in managing their 401(k) plan. While some tasks of being a plan sponsor, they are all required tasks and failure to complete a task can cause a whole host of problems and money to fix these tasks. This article is about tedious tasks that plan sponsors need



to make sure is done and done correctly.

To read the article, please click [here](#).

The Shocking Truth About Participant Directed 401(k) Plans

It is a shock.

For the past 20 years, there has been a strong push for 401(k) plan sponsors to offer participant-directed plans where employees direct their own investments instead of the trustees directing plan investments. The reason was that of technological breakthroughs on the Internet that allowed participants to direct their



investment easily, but most importantly ERISA §404(c) participant-directed plans can help a plan sponsor limit their liability for losses sustained by the participant. On paper, it's too good to be true that a participant-directed plan can limit the plan sponsor's liability. The problem is that it is on paper and there may be some shocking truths that a plan sponsor is unaware of about these participant directed 401(k) plans. Lucky for them, they have this article to discover these shocking truths.

To read this article, please click [here](#).

Get that bond.

They may not actually get what they contracte for..

It's an easy requirement that many plan sponsors think they've accomplished,



but they haven't received the right one. We're talking about an ERISA bond and often plan sponsors on a Department of Labor audit are told by the auditor that the general crime policy they have isn't what

they need for that ERISA bond.

The bond should be an ERISA bond and noted as such. It's to protect plan assets from theft by plan fiduciaries. The bond must cover at least 10% of the assets handled by the specific fiduciaries, but can't be less than \$1,000. The maximum bond amount required is \$500,000 (or \$1 million if the plan holds employer securities). The amount of the bond must be based upon the highest amount of funds handled by the specific plan official for the previous year. If there is no previous-year data, the employer must estimate the amount of the bond using procedures contained the regulations. Employers can always choose to purchase bonds for more than those amounts.

The bond terms can be one year; however, bonds can be purchased for multiple years. If the bond covers multiple years, the fiduciary must check the amount of the bond each year to make sure whether coverage needs to be increased due to growing assets.

The bond must cover losses through larceny and theft, embezzlement, forgery, misappropriation, wrongful conversion, and willful misappropriation.

Note that plan fiduciaries are not permitted to have any financial interest in the entity from which the bond is purchased.

Watch out for those HR issues.

They can be a problem.

Small to medium-sized businesses really need to be up to date with human resources issues that include 401(k) plans. Employers can get into trouble with the Department of Labor just by placing their I-9 forms in an employee's files.



They need legal resources to rely on whether it's an attorney or perhaps a PEO. Whatever the resource it is, they do need one. Having been an employee once, I can state that most employers have no clue about human resources and most of these companies didn't even have a person dedicated to serving in an HR capacity.

So whether it's using a lawyer, a PEO, or my affiliated That HR Association, it's important for employers to understand the legal ramifications of human resources and that there is a lot of stuff that they don't know in that area.

Join me in St. Pete for a unique plan sponsor event, \$35 for 401(k) info and an event you won't forget.

Friday, March 8, St. Petersburg, Florida, Tropicana Field.

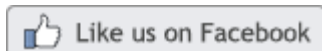


This March, I will host the first That 401(k) Plan Sponsor Forum, which is geared towards plan sponsors. It will be similar to That 401(k) Conference, which is my event for 401(k) financial advisors. For \$35, you get 4 hours of content to help you as a plan sponsor, lunch, and a meet and greet with Hall of Famer Wade Boggs.

As a plan provider, it's a great event to sponsor and interact with plan sponsors by either speaking through a presenting sponsorship or as a supporting sponsor.

Registration information can be found [here](#).

Sponsorship information for both St. Pete events can be found [here](#).



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