Alliant Retirement Services Group
Employee Benefit Plan Audits: Are You Ready?

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Anticipated Increased Enforcement

Benefit Plan Audits

Retirement Plan Audits
Will audits really increase, or is this just a scare tactic?

- An increase in Federal Department of Labor (DOL) audits is expected as ACA implementation continues
- Audits ensure compliance with the rules and serve as a revenue source
- Even if the risk is low, the potential ramifications are significant, so preparation is essential
Types of Audits

- State Department of Labor
  - Focuses on labor practices, compensation, and employee classifications

- Federal Department of Labor
  - The Federal DOL has jurisdiction over ERISA law, governing employee benefit plans
What kind of employee benefit plans are most commonly audited?

- Generally focus is on plans with more than 100 participants
- Plans with participant complaints, regardless of size
DOL examines compliance with the following provisions of ERISA:

- Reporting/disclosure
- COBRA
- HIPAA
- Newborns’ and Mothers’ Health Protection Act
- Women’s Health and Cancer Rights Act
- Genetic Information Nondiscrimination Act
- Affordable Care Act

Most information requests will be addressed by a handful of key documents or sets of documents already in your files or available from your Employee Benefits broker.
Audit Process: Employee Benefits

- ERISA requires plans to maintain documents for a minimum of six years after the 5500 due date, best practice is eight years.

- Organizations adopt governing documents in many different ways – sometimes not at all. Establish a process.
What types of plans are most likely to be audited?

- 401(a) plans
- 403(b) plans as covered by ERISA
- 401(k) plans
- Defined Benefit (pension) plans
Understanding the role of a Fiduciary

- A Fiduciary is someone who is managing the assets of another person and stands in a special relationship of trust, confidence, and/or legal responsibility.
- Trustees, investment committee members, and plan sponsors hold all fiduciary responsibilities unless those have been delegated to other parties.

Know who is a Fiduciary

- Plan Sponsors, committee members, trustees
- Investment Advisors
- Investment Managers
Audit Process: Retirement

- Learn About Your Role
  - Consider Fiduciary training to understand roles and responsibilities.

- Document Everything
  - With regard to oversight of retirement plans, it all comes down to processes, not outcomes. Adopt sound processes and follow them consistently.
  - Maintain minutes of investment reviews as documentation that appropriate oversight is occurring.
Should I use an Investment Policy Statement?

- An Investment Policy Statement (IPS) is considered to be a document governing the Plan.
- Failure to follow the IPS is a fiduciary breach.
- The key is how the IPS is drafted. Make sure it is a guide and does not lock in fiduciaries.
- Be sure that you are prepared to follow anything that is included in the IPS.
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