

Key Questions for Your 3(16) Fiduciary Administrator

Choosing a 3(16) fiduciary is a critical decision for plan sponsors. A true 3(16) fiduciary stands in front of the client and not only does the work, but assumes responsibility for doing it correctly. How can you differentiate?

Ask these key questions.



- Will your 3(16) provider act as the ERISA Named Plan Administrator?
- Will your 3(16) provider definitively state in writing that they are acting in a fiduciary capacity?
- How and to what extent does your 3(16) provider relieve you of fiduciary responsibility and potential liability?
- If your 3(16) provider makes an error, will the provider make good on any losses such as earnings, fines, penalties, etc. that arise due to errors? What is the “statute of limitations” on how long you are covered?
- Will the 3(16) provider sign and file the 5500 as a fiduciary?
- Will the 3(16) provider act as your partner and support you in examinations and discussions with the DOL/IRS?
- What is the financial strength of the 3(16) provider? Do they have “deep pockets” to stand behind their fiduciary services?
- Does the 3(16) provider have fiduciary liability insurance that is sufficient to cover the claims of their clients?
- How long have they been providing 3(16) fiduciary services?
- Does the 3(16) provider have well defined and documented processes and procedures?
- Will the 3(16) provider be responsible for:
 - Approving participant transactions including:
 - Distributions
 - Hardship Withdrawals
 - Death benefit payments
 - Rollovers
 - QDROs administration
 - Reviewing census and compliance information?
 - Notice and document delivery to participants?

- Is your 3(16) provider familiar with ERISA claims review procedures and does the provider review ERISA benefit claims?
- Is the 3(16) provider ever named as a fiduciary in the plan document?
- Does your 3(16) provider have access to high level officials at the IRS, DOL and PBGC?
- Does your 3(16) provider provide legislative updates?
- Will the 3(16) provider hire the plan auditors and manage the audit process?
- Does the 3(16) provider complete a due diligence review of the plan's record-keeper to ensure the promised services coordinate correctly? Can they produce a document evidencing that review?
- Does the 3(16) provider monitor the timeliness of depositing voluntary employee contributions and proactively identify corrections and coordinate any needed actions?
- For how many clients does the 3(16) provider put their name in the Adoption Agreement as the Plan Administrator?

The PENTEGRA 3(16) Fiduciary Advantage

With nearly 80 years of experience serving as an institutional fiduciary, Pentegra is one of America's oldest independent fiduciaries. As a true 3(16) fiduciary, we not only do the work, but we are responsible for making sure that it is done right. We stand in front of the client and assume responsibility and liability.

We offer plan sponsors the security that comes from having an experienced professional on board.

Learn more about our fiduciary solutions. Contact the Pentegra Solutions Center at solutions@pentegra.com or 855-549-6689.