

Small business owners: The value of a 401(k) Third Party Administrator

For many employees, the 401(k) is the bedrock of their retirement plan. At large companies, the availability of such an important retirement vehicle is often taken as a given and the administration of the plan an afterthought to be handled by the Human Resources department. However, for the self-employed or small business owner, establishing and maintaining a 401(k) plan can be time consuming and complex.

In these circumstances, while it may be feasible to act as a plan administrator on your own 401(k) plan, the process of setting up and maintaining these types of plans often requires a large amount of paperwork processing, accountant-level bookkeeping and a firm understanding of everchanging legal guidelines. It can quickly eat up precious hours for a small business owner and can be quite intimidating.

Nevertheless, this doesn't mean you, as a small business owner, should be discouraged when it comes to your retirement savings and those of your employees. With the help of your Mesirow wealth advisor and a Third Party Administrator (TPA), running your company's 401(k) plan no longer needs to be a burden for you to shoulder alone.

How a Third Party Administrator (TPA) can help

TPAs are hired to assist with the management and maintenance of your company's retirement plan. Communicating with participants, keeping accurate records and plan documents, and ensuring compliance with government regulations are just a few of the responsibilities a TPA will take on for you. Tasked with understanding your unique business and goals, they will work directly with you and your Mesirow wealth advisor to determine the most appropriate plan for your business. Mesirow has long worked side by side with TPAs for small business clients and, while your advisor can provide referrals, ultimately the decision for which TPA to work with lies with you.

When differentiating one TPA from another, some items to consider are:

- Cost and fee structure
- Size and resources of TPA organization
- Technical capabilities
- Understanding the scale of their operations.

Moreover, a TPA with industry credentials such as the American Society of Pension Professionals & Actuaries (ASPPA) designation helps to serve as qualifiers in distinguishing a TPA's bona fides.

Next steps

As with any decision relating to your financial well-being, your advisor can help to work through these factors to determine an appropriate TPA for you and your company. The goal of using a TPA is not to

add to the complexity of your plan, rather to let you get back to what matters, your work and your employees.

If you'd like to learn more about how a TPA could help your unique situation, contact your Mesirow wealth advisor.

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