

# 401(k) BUYERS GUIDE

FOR SMALL BUSINESS OWNERS  
AND CONSULTANTS



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## PURPOSE AND MISSION

# INTRODUCTION

The vernacular of retirement benefits can sound like a foreign language. And, because the best 401(k) providers vary so much in what they offer and how much they charge, it can be difficult to do a good comparison.

Since retirement plans weren't very practical for small companies until a few short years ago, many business owners haven't developed their 401(k) muscles.



**PURPOSE:** Before you get started shopping, it's best to understand a few big issues that can trip you up down the road, so you can do your best to avoid them. We've grouped these questions into categories.



## SECTION ONE

# RESPONSIBILITY & COMPLIANCE

First consider the main services that are provided, and who has ultimate responsibility for ensuring the plan is run appropriately.

### Compliance

### 401GO

### Others

Do you provide all necessary services?

Yes

Some

Do you monitor for noncompliance issues?

Continuously

Annually

Do you calculate employer contributions?  
Do you track eligibility and enrollment?

Yes

Some

How long does it take to transfer an existing plan?

Days

Months

Do you handle employee notifications?

Yes

Some

## QUESTION 1.1

# What services do you provide?

The DOL considers plan sponsors (business owners) to be ultimately responsible for their retirement plans. But, since most are not experts in 401(k) maintenance and compliance, they are able to hire out these services. Professionals have the expertise to advise you so that you have confidence in your plan decisions.

In addition to a trustee, all 401(k) plans need someone to carry three types of responsibility: the recordkeeper, the administrator (TPA), and the custodian.

These can be three separate services, or they can be bundled together in different configurations.



### RECORDKEEPER

The recordkeeper is responsible for making sure that records are accurate and available. They are the bookkeeper, tracking who is participating, who is eligible to participate, what investments the participants own, and all the money that goes in or out. Much of this work can be better performed by technology.



### THIRD-PARTY ADMIN (TPA)

The TPA typically provides annual services, such as nondiscrimination testing, preparation of the 5500 form, reviewing distribution requests, and making amendments to the plan document. Some plan sponsors appreciate having a 3(16) administrator to perform specific tasks above what the TPA does. These services vary from provider to provider.



### CUSTODIAN

The custodian is responsible for holding the funds. This is often provided by a bank/trust, and cannot be held by the TPA or recordkeeper. It's important the custodian is reputable and trustworthy, since they carry all the plan assets.

Many larger companies also engage an investment fiduciary to ensure the investments are sound and reasonably priced. Fiduciary responsibility exists at different levels. A 3(38) fiduciary makes investment decisions and implements them, while a 3(21) fiduciary makes the same investment decisions but only offers them as recommendations to the plan sponsor (you). Without a fiduciary, the burden of selecting investment options falls on the employer.

Although all the responsibility of being a plan sponsor cannot be delegated, these parties can take a substantial amount of the burden off of your shoulders. Ask any provider you speak with what they'll do, and more importantly, what they won't do.

**401GO is a bundled solution, meaning we provide all these services. We are a recordkeeper and TPA with a built-in 3(16) administrator and 3(38) fiduciary. Our partner Matrix Trust serves as the custodian. Some employers, especially those with small companies, may not want the liability of performing some of these responsibilities themselves. Additionally, if you have an advisor that wants to serve as the 3(38) fiduciary, we're happy to work with them.**

## QUESTION 1.2

# *Do you monitor for noncompliance? How often? How is it done?*

The IRS requires all 401(k) plans to be tested for compliance annually. These tests will look at whether the plan favors highly compensated employees or business owners over other employees. It is easy for small companies to have trouble with this noncompliance testing, so it's important to have a provider that can help you watch for problems in advance.

If your company fails the nondiscrimination testing, it may require additional contributions to be provided, or the return of some contributions, or some other changes that could be difficult, expensive, or embarrassing for employers.

## AVOID THE PROBLEM

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Many providers offer testing and plan review annually because it would be far too expensive to do it more frequently. With our automated platform, 401GO offers constant monitoring, so that problems can be caught while they are small and handled quickly throughout the year.



QUESTION 1.3

## *Do you provide and manage 401(k) notifications to employees?*



401GO will handle all employee notifications, although as the plan sponsor, you are responsible to provide an accurate and up-to-date list of all employees and their contact information. For most employers, this is easily accomplished. Since we offer integrations with most major payroll and HR systems, we can automatically import new employees to reduce administrative hassle and potential liability.

The government requires certain types of notifications to happen at certain times, and our automated platform ensures that happens correctly.

“

***Our automated  
platform  
ensures  
accuracy.***

## QUESTION 1.4

# ***Do you calculate employer contributions? Do you track eligibility and enrollment?***

These services are commonly needed, but not always provided, so the burden often falls on the employer. While these tasks are not necessarily difficult, they pose a problem for businesses in two ways.

Ongoing administration tasks, even simple ones, can present hassles, complications and a time cost that many employers can't-or don't want to-carry. And secondly, errors can compound the difficulty and strain the relationship with employees.



***Because 401GO functions as both a TPA and a 3(16) administrator, we provide these services. We'll track eligibility and enrollment, send out employee notifications at the proper time, as well as calculate and remit the employer contributions on your behalf. And, because our platform is fully automated, errors are practically non-existent.***



QUESTION 1.5

# Can you take over an existing plan? How long does the transfer take?

Any provider would be happy to take over an existing plan, 401GO included. But these conversions can be tricky, because they involve a review of your plan document, possible amendments, and a blackout period where participants don't have access to their accounts because of all the manual work that needs to be done, as well as a transfer of funds.



## CASH CONVERSIONS

At 401GO, we do cash conversions, which gives participants access to the new plan right away. While some providers take months to complete a conversion, ours are typically completed in a matter of days, and the switch to the new plan is nearly seamless.



## SECTION TWO

# TECHNICAL ASPECTS

Next discover the answers to some of the more technical parts of the 401(k) plan, like compliance and payroll integration.

### Compliance

### 401GO

### Others

Do you provide the fidelity bond?

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Yes

Some

Do you prepare, sign and file the 5500 report?

---

Continuously

Annually

Do you provide account rebalancing?

---

Yes

Some

Can you integrate with our payroll provider?

Days

Months

## QUESTION 2.1

# *Do you provide a fidelity bond?*

## *What is the cost?*

A fidelity bond is insurance against losses caused by fraud or theft, and it is required for all 401(k) plans. Some 401(k) providers offer a fidelity bond at an additional cost, but many expect business owners to purchase one separately.

If your plan has less than \$100,000 in assets, your plan will most likely be covered by a general liability policy. Once it reaches a balance over 6 figures, an ERISA bond is a must.



*401GO offers a fidelity bond with our Plus and Premier plans.*

*We can also recommend a good bond provider, if you prefer to purchase it separately.*

## QUESTION 2.2

# Do you prepare, sign and file the 5500 report?

The 5500 is a report that is required to be filed annually with the IRS. It ensures that your plan is complying with all 401(k) regulations. It's important to understand who will be preparing this document, and whether they will have accurate information.

You'll also want to know who is signing it, because the signer has responsibility for the accuracy of the report. If your 401(k) provider prepares the document, but wants you to sign it, you'll have to make sure you understand all the line items in the report (which can be quite long and complicated) and that you know all the information is correct.

And, of course, you'll want proof that it has, in fact, been filed. Filing of this form happens electronically.



**PREPARE**



**SIGN**



**FILE**

*401GO prepares, signs and files the 5500 and other associated reports at no additional cost. If the IRS finds any irregularities or discrepancies in the report, the liability is on us, not on you. Fines are substantial and they are inflation-adjusted each year, so it's easiest to avoid them.*

### QUESTION 2.3

## *Do you provide account rebalancing?*

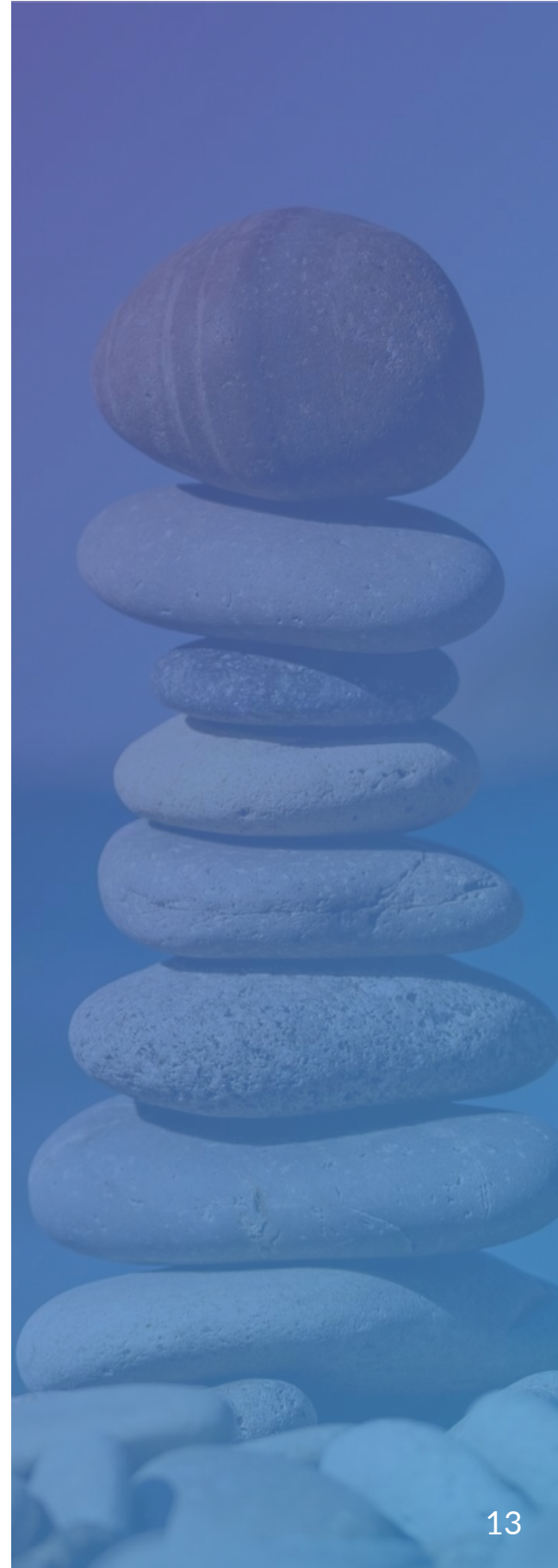
Rebalancing ensures that if any funds have substantial shifting in value, adjustments are made to keep the investment ratios the same. Most providers offer scheduled investment rebalancing, usually quarterly. This doesn't make sense, because the market is constantly moving.

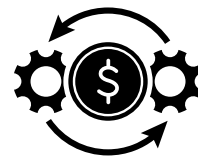
In this area, automation is more effective than human monitoring, because it removes errors, emotions and opinions from the process. With our advanced automation, 401GO provides rebalancing right when it is needed.

### QUESTION 2.4

## *Do you provide integration with our payroll or HRIS provider?*

401GO offers integration with ALL providers on our Plus or Premier plans. The starter plan also comes with our most popular integrations, and that list is constantly growing.





## SECTION THREE

# COST & SETUP

Costs for retirement plans have been substantially reduced for small businesses, thanks to automated platforms like 401GO that are created to level the playing field for even the tiniest companies.

### Compliance

### 401GO

### Others

How long does setup take?

15 minutes

6 weeks

What will our plan cost?

See pricing

See pricing

Are there additional costs?

Few

Many

### QUESTION 3.1

## How long does 401(k) plan setup take?

For traditional 401(k) providers, the answer is 6-8 weeks. Many plan sponsors work with four separate service providers, all with their own questions, forms, documents and fees. It's difficult to manage the communication between all the involved parties, and if something goes wrong, it's even more difficult to know who is at fault.

All this complexity is unnecessary for most small businesses. With a few questions to understand your specific situation, 401GO is able to recommend a design that will work well for you. Our in-house experts review the plans to ensure you are comfortable with the final product. We can accommodate any plan design but find most small businesses go with our recommended plans.

This is how 401GO is able to offer a new plan in just 15 minutes. There is no reason a small business should spend 8 weeks on plan design and implementation when the same result can be accomplished in less than a day. Ask these questions:



**How long until the plan document is ready to be signed?**



**How long until a login and account access is provided?**



**How long until employees can begin their setup?**

*You won't find a platform with a faster setup process than 401GO.*

*At the end of your 15-minute setup process, you'll have a plan document, a payroll integration (if applicable), an account login, and automatic emails will be sent to employees within just a few minutes.*

*Employee setup takes only about 5 minutes, and then they'll be up and running too!*

## QUESTION 3.2

# What will our 401(k) plan cost?

It's worth it to make a comparison list of the different fees associated with a 401(k) plan. Some fees associated with these plans can be hard to spot or understand, and some plan sponsors have even found their plans to cost more than they are worth.

Start by comparing the most obvious fees: monthly fees, startup fees, and AUM fees. Be sure to consider what your advisor will charge, if you are using one, because this is sometimes separate from the plan provider charges.

On our starter plan, 401GO charges no setup fee, no base fee, and no AUM fee, and our monthly fee is just \$9/user/month. Our larger plans have a small \$29 base fee, and an AUM fee of 0.30%, to cover some of the additional services, but none of our plans charge for the setup.

Also look closely at the cost of the investment options you select. These have their own fees, some of which can cost a substantial loss of potential earnings. 401GO offers many high-quality, reasonably priced funds, at an average expense ratio of 0.08%-0.15%.

GO-Starter	GO+Plus	GO-Premier
New Plans & Startups	More Complex Needs	High Tech + High Touch
<b>\$9</b>	<b>\$4-9</b>	<b>\$4-9</b>
Per User Per Month No Monthly Base Fees ZERO AUM fees	Per User Per Month \$29 Monthly Base Fee 0.30% AUM fee	Per User Per Month \$29 Monthly Base Fee Customized AUM Fee
Ideal for new plans, newer companies or organizations with fewer than 50 employees.	Ideal for larger businesses, existing 401(k) plans, or those with more complex needs.	Industry leading automation with local plan advisors for the perfect Tech + Touch solution.



### QUESTION 3.3

## *What other costs should I be aware of?*

Some providers charge for a wide variety of additional services, and all these fees can add up. Ask the providers you speak to what they charge for:

- Plan document preparation
- Plan document amendments
- Report preparation
- Plan termination
- Loan establishment and maintenance
- Distributions
- Profit-sharing calculations
- Compliance testing

Most companies will charge for all of the above, but the fees vary quite a lot. 401GO does not charge for report preparation, and we don't charge a termination fee. Termination fees are especially sneaky, since many employers aren't aware of them until they are frustrated with their provider and ready to make a change. They're also notoriously expensive, sometimes costing as much as \$2000-\$3000.



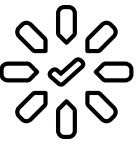
#### EMPLOYEE FEES:

Loan origination: \$50

Distribution: \$30-\$100

Profit-sharing calculations: \$100

Stop payment: \$35



## SECTION FOUR

# PERKS & EXTRAS

Some providers offer a host of extra benefits to their 401(k) plans, and some just don't. While some perks are available from almost any platform, consider those that are either unique or especially valuable to your team.

### Perks & Extras

### 401GO

### Others

Do you provide live customer support?

Yes

Some

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Do you offer financial education & insights?

Yes

Some

## QUESTION 4.1

# *Do you provide live customer support and a dedicated account manager?*

Many modern platforms offer automation and great pricing, but few combine that with excellent customer service. 401GO provides support for both employers and employees from a live human being. Plan sponsors (employers) have a dedicated account manager who knows them and their needs.



***For employees:***  
**Talk on the phone with a live representative**

Or contact us by chat or email.



***For employers:***  
**Access to a dedicated relationship manager**

Available by phone or email.

Just [read our reviews](#) to see how valuable our customer support has been to our clients.



4.8 STAR RATING

**#1**

IN OUR INDUSTRY  
FOR CUSTOMER  
SATISFACTION



## QUESTION 4.2

# *Do you offer financial wellness tools?*

401GO has created a whole course of educational material for users to learn from. This is aimed at helping those who need it most to improve their financial independence.

Additionally, we offer personalized insights to participants to help them make smarter budgeting decisions, a budgeting tool for daily money management, and a retirement calculator to help with planning.

These tools have been proven to be quite valuable to those who take advantage of them.

*On the next page, you'll find a full worksheet to help you make an honest comparison between 401GO and our competitors.*



401(k) Buyer Guide Worksheet		401GO	Competitor
Responsibility and Compliance	What services do you provide?	All possible	
	Recordkeeper	yes	
	TPA or 3(16) administrator	yes, both	
	3(21) or 3 (38) investment fiduciary	3(38)	
	Custodian	Matrix Trust	
	How do you monitor for noncompliance issues?	continuously	
	Do you calculate employer contributions?	yes	
	Eligibility tracking	yes	
	Enrollment tracking	yes	
	How long to complete plan takeover?	ASAP	
Do you handle employee notifications?	yes		
Technical Aspects	Do you provide the fidelity bond, does that cost extra?	yes-included	
	Do you prepare the 5500 report?	yes	
	Sign and file	yes	
	Do you provide account rebalancing?	Automatic	
	Do you integrate with our payroll or HR provider?	yes, all	
Setup and Costs	How long does plan design and setup take?	15 minutes	
	How long until the plan document is ready?	same day	
	How long until I have access to the account?	same day	
	How long until employees can begin setting up?	same day	
	What will the plan cost?		
	Setup fee	none	
	Base fee	\$0 - \$29	
	Per user fee (discounts for 50+ employees)	\$4-9	
	AUM fee	0.0% - 0.30%	
	What other fees should I be aware of?		
	Plan document preparation	none	
	Plan document amendments	none	
	Report preparation none	none	
	Plan termination none	none	
	Loan origination	\$50	
	Distributions	\$30 - \$100	
Stop Payment (re-issue)	\$35		
Wire fees	\$30		
Profit-sharing calculations	\$0 - \$100		
Compliance testing	none		
Perks and Extras	Do you provide live customer support for employees?	yes	
	Dedicated relationship manager for employers	yes	
	Do you offer financial education for participants?	yes	
	Retirement planning tools	yes	
	A.I. powered personalized insights	yes	

401GO

## *Your Partner in Retirement*

The 401(k) industry is built on bureaucratic regulations. It's inherently complex, with frequent changes and updates. But it doesn't mean a small business has to take on the burden of all that complexity alone.

The modern 401(k) uses these two valuable tools to vastly simplify the process and improve the outcome:

1. Automation
2. Bundled Services

When you're shopping for a retirement plan, notice how these two elements effect both the quality and the price of the benefit you can offer.



*For any additional questions, reach out to 401GO anytime.*

*Our team is happy to answer any questions.*

# 401GO

FUTURES BUILT HERE

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