



The Art of Collaboration in Plan Compliance

Demonstrating a collaborative and service-focused approach goes a long way toward fostering relationship strength and longevity.

BY MONIQUE ELLIOTT

A lot has changed in the benefit plan industry over the last 18 years. In particular, changes in regulations and reporting requirements and increasing complexity have made it more challenging for plan sponsors and service providers alike.

There's at least one thing that has not changed, however: Many sponsors still do not understand the role each of us plays.

Over the years I have worked for firms of different sizes auditing a wide variety of plans. Each had its own complexities and challenges. But whatever differences they have, there are two observations all benefits professionals I've collaborated with seem to have: "Wow — I've never quite seen that before!" and, "Why do the same issues keep coming up over and over again?"

What became clear is that there are two pervasive myths that continue to create challenges for us.

MYTH #1: 'BENEFIT PLANS BASICALLY RUN THEMSELVES'

As an auditor, I have had the opportunity to see what really happens on-site with plan sponsors. Throughout an audit I get a taste of what their daily rituals are, the way they set their priorities and the regular challenges they face. Here are a few common scenarios:

- Plan administration is a small part of the plan administrator's job. In fact, they may have already been overloaded before this role was dropped on them. They were given little or no direction. When assigning a plan administrator, the plan sponsor's management may or may not

understand the skills and time that are required. This often results in a plan administrator who does not have the authority, seniority or staff to guide plan operations.

- They have had turnover in key positions that causes more work for them directly or indirectly, and the person(s) with the historical knowledge is gone. So documentation often becomes a lower priority than completing daily work — and that means institutional history is not memorialized.
- They are going through a merger, spinoff, acquisition or downsizing. Not only does that become a higher priority for them than benefit plan management, we know these transactions are a major source of additional complexity.
- Their employees may have a wide range of education, computer access, language skills and bandwidth to focus on emails and other interoffice communications.
- The plan administrator may not have been included in the strategy meetings related to any of the above. This puts the plan administrator in a position to digest all the plan provisions, options, operations and impact to the plan and participants in a short amount of time. This also means the decisionmakers may not have solicited or received sufficient input on the efforts, challenges and risks of implementing changes.
- There is little time for discussion on plan matters in a formal setting. They may review the direction of their investment experience, but most likely they are not assessing plan compliance or even know how to do so.
- They may rely on their SPD instead of their plan document to understand their key plan terms. It can be very enticing for plan administrators who do not speak ERISA to digest the plan document and identify the nuances.
- There is incomplete information

given to those responsible for the daily tasks of running the plan. Often nobody knows which questions to ask.

Knowing that these issues are just a part of corporate life, it becomes increasingly apparent why there are so many compliance issues with benefit plans and why, though they may be typical types of issues, they are so unique to each employer's situation.

MYTH #2: 'SERVICE PROVIDERS ARE GOING TO CATCH ANYTHING AND EVERYTHING THAT GOES WRONG AND TELL PLAN SPONSORS EXACTLY HOW TO ADDRESS THOSE ISSUES'

Though a plan sponsor retains the primary responsibility for maintaining and monitoring their benefit plans, they often rely heavily on their service providers and quickly forget that there are limits to what we all can do, due to various constraints such as independence, time and service agreement terms.

Demonstrating a collaborative and service-focused approach goes a long way toward fostering relationship strength and longevity. While we should not be overstepping the limits of our roles, there are still some key strategies to employ that will facilitate information sharing.

- *Avoid information overload because the important things can be missed.* Differentiate critical information you communicate to the plan sponsor versus general information. Specifically identify action items with due dates. Have your own system for following up on critical matters like regulatory amendments, required notices and looming deadlines.
- *Know the right answer, and be able to support it.* If you don't know the right answer, get it from within your organization. If you need to research outside your organization, do so. This is where your relationships with the plan sponsor's other service providers may be very

helpful. Be prepared to say, "I don't know." If you don't have the answer handy, do the research and follow-up.

- *Organize an annual meeting with the plan sponsor and their key service providers (TPA, advisor, auditor, attorney, etc.).* It is a great opportunity to efficiently and effectively catch up with the plan sponsor. We all have different core strengths and abilities and see issues from our own perspectives. A collaborative discussion once a year on the state of the plan ensures that we all have the same information and can talk through "what can go wrong" as a team to best assist the plan sponsor in a holistic manner.
- *Invest in your client's education and understanding.* They need to know what controls they need to have in place in order for your role to be effective. As an auditor, for example, I often direct plan sponsors to the user control section of the SOC 1 reports for their TPAs, and explain that the TPA expects these controls to be in place in order for their controls to operate effectively. The key is for them to understand that they have a crucial role as plan administrator. While they may delegate responsibility to service providers, they remain responsible for monitoring those providers and for ensuring that the plan is operating effectively.

CONCLUSION

The bottom line: Collaboration and open communication can really support a plan sponsor in understanding their critical role in the plan compliance process, thereby improving client contentment and retention. **PC**



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