# Request for Information

What to Ask a 3(16) Service Provider

FuturePlan
by Ascensus

Finding the right 3(16) plan administrator is tough. The service is an evolving solution in the retirement space, so providers often won't have the same standards or make the same promises across the board. This Request for Information questionnaire is designed to help you obtain the right information quickly so that you have more time for everything else on your plate. Here are a few items to consider when evaluating if a provider is the right fit.

## Description of Services

**1** **Clearly state and explain what services you provide (or attach your service agreement with a detailed list).**

**2** **Clearly define who is responsible for each task. List out the required duties of the plan sponsor as well as the 3(16) and any other responsible parties (recordkeeper, payroll provider).**

**3** **What software tools do you use in providing the service?**

**4** **What aspects of eligibility do you handle?**

- Determination
- Reviewing
- Do you create & distribute of enrollment kits within required timing?

**5** **How do you determine eligibility, what data do you use, and how do you obtain it?**

**6** **Do you provide flexibility for plan sponsors to pick and choose which tasks they want to outsource?**

What is included in these options? (if not clearly defined above)

## Data Review and Timing

**1** **How do you receive the necessary data required for 3(16) services?**

What file format do you require for submission?

What payroll service providers and recordkeepers do you work with? Are there partners you don't work with?

How does data transfer from the payroll provider to the recordkeeper, and then back to the payroll provider for updates? (i.e census, deferral changes, etc. )

**2** **What is the correction process for participant errors resulting from incorrect payroll data used by the recordkeeper or 3(16) administrators?**

**3** **Are there data integrity checks performed by the 3(16) plan administrator on the data used?**

If so, define the data integrity checks performed.

How often are data integrity checks performed on payroll data?

Is this frequency clearly stated in the service agreement? How is this worded?

**4** **What is your largest client by employee and asset size? Do you have the capability to handle clients of all sizes?**

## Reporting

**1** **How do you document your actions? Do you provide reporting to showcase what actions you've taken?**

## Liability and Credibility

1. **Do you take responsibility and fiduciary liability for your 3(16) plan administrator services?**

   Does your service agreement outline that you are liable as a fiduciary for various aspects of the plan? If so, please detail here.

   Do you sign the annual IRS Form 5500 (or 5500-SF)?

2. **What credentials and experience do those running the plan as a 3(16) administrator have?**

3. **Do you undergo any third-party audits to validate your processes and procedures?**

4. **Will you represent and support the plan sponsor in the event of an audit to the IRS or DOL?**

## Cyber Security

1. **Do you utilize multi-factor authentication to access email and your network?**

2. **Are you prepared with cyber insurance in case of a breach?**

   If so, what does this insurance include?