

Pre-Approved Defined Contribution Plan

Establishing or restating your retirement plan on Warner Norcross + Judd's Pre-Approved Defined Contribution Plan strikes the right balance between simplicity, customization, protection of employer interests and cost.

Many retirement plan service providers offer plan documents at little or no cost but only do so to supplement the other plan services they provide.

Warner's Pre-Approved Plan provides most of the benefits of a custom drafted plan at less cost, but with greater flexibility, portability and protection of employers and fiduciaries than is available in plan documents provided by non-legal service providers, and is a collaborative and compliance-focused process.

When factoring in a proper legal review, the cost of a "free" plan will likely equal or exceed the cost of Warner's Pre-Approved Plan.

Cost

Retirement plan documents are often described as being "free" or provided at very low cost by service providers who earn their fees from other services they provide. However, as in most things, there is no free lunch. Those providers are not able to provide legal services and must advise their clients to have their documents reviewed by an employee benefits attorney. For example:

"This Adoption Agreement is an important legal document. You should consult with your attorney on whether or not it accommodates your particular situation (including any applicable state or local laws), and on its tax and legal implications. We do not and cannot provide legal or tax advice. The Base Plan Document and Adoption Agreement are intended purely as sample documents for use by your attorney in preparing your tax-exempt plan."

Key Benefits of Warner's Pre-Approved Defined Contribution Plan

Plan Document Comparison	Warner Plan Document	Non-Legal Provider Plan Document
Thousands of options pre-approved by the IRS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Customizable to fit your plan design	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Portable between providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Designed to protect the plan sponsor and fiduciaries, not the service provider	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allocates investment and administrative responsibilities based on actual practices	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Allows a variety of permissible administrative options	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Document provider legally responsible for appropriateness and compliance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Document provider legally required to represent the client's interests	<input checked="" type="checkbox"/>	<input type="checkbox"/>
All plan provisions in one document rather than in multiple pieces	<input checked="" type="checkbox"/>	Rarely
Easy and quick to amend	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Control of plan document	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Close working relationship and communication with drafter, who specializes in legal compliance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
IRS determination letter on your plan document	<input checked="" type="checkbox"/>	Rarely
"Free"	<input type="checkbox"/>	<input type="checkbox"/>

Roles and Responsibilities

There are many individual roles and responsibilities related to retirement plans. Even in a “bundled” arrangement, there are distinct requirements that need to be understood. When selecting a service provider, consider the following:

- Are your retirement plan documents and governance provisions designed to protect you and your plan participants? It seems logical that your plan should be drafted in your best interests. That is how we draft Warner’s Pre-Approved Plan. We find that plan documents provided by other plan service providers often include self-serving language designed in their own best interests—not yours.
- Plan sponsors protect themselves by maintaining good plan governance processes (service provider relationships, investment committee, internal controls, plan documentation). Warner is independent of your other service providers and in an excellent position to help you structure your plan governance as you desire and in your best interests.
- Maintaining a retirement plan requires a great deal of day-to-day administration. Those services are best rendered by a qualified third party who can assist you with non-fiduciary, recordkeeping and administrative issues. Warner can review your administrative services agreement(s) to ensure fair and reasonable terms or guide you through the process of finding an appropriate third party to assist you with those administrative requirements.

Understanding these roles and responsibilities and having proper documentation in place (e.g., service provider contracts, committee minutes and policies) is critical to satisfying a plan sponsor’s fiduciary duties to the retirement plan. For more information, please contact a retirement plan member of our Employee Benefits/Executive Compensation Practice Group.

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