

THE VALUE OF A GOOD RECORDKEEPER

Celia A. Rafalko / R.J. Reibel

As Retirement Plan Advisors, we spend an inordinate amount of time working with service providers that are the backbone of a retirement plan. A large part of our job is to evaluate and recommend recordkeepers and/or administrators, then work with that company on behalf of our clients to keep their plan running efficiently. How hard that job is, for us and for the client, depends a lot on the quality of the service providers. We believe a good one makes all our lives easier, including the retirement plan participants. We consider a poor one can cause trouble for our client, their employees and for us as the plan advisor. Costs vary widely and it is tempting to go with the least expensive option so keep these important things in mind when selecting a retirement plan platform.

More than just catching data – The recordkeeper tracks all the information that goes into making the plan work. That means monitoring compensation, contributions by type, and employee demographic data. We believe that “good” recordkeepers have established processes to gather data and catch issues as the information is provided, and often get the information directly from a payroll company. Some recordkeepers will provide a spreadsheet format and make the plan sponsor alone responsible for data integrity. Incorrect or incomplete information could lead directly to time-consuming and expensive problems.

Accommodating the employee - Some employees are comfortable doing things online, some prefer paper and some need to have a conversation to enroll in a plan or to make a change. We believe “good” recordkeepers know this and can accommodate, while other recordkeepers have rigid processes that only offer one way to interact. The easier it is for your employees, the more likely they will use your retirement plan benefit, so look for a provider that suits the way your employees interact especially with ever changing technology like website access and Apps. Having a recordkeeper that allows employees to participate beyond a one-size fits all scope is important.

Good data and good reports – The recordkeeper maintains all information about a plan but that does not mean it will make it available. Look for a recordkeeper that can give you and your Retirement Plan Advisor the ability to extract and use data to look for trends, opportunities and make good decisions for your plan through easy reporting capabilities.

Dedicated service contacts - A retirement plan can have lots of moving pieces especially when using a third-party administrator. As Retirement Plan Advisors, we often serve as a translator between a recordkeeper and our clients and it is surprising how difficult that communication can be. A dedicated service contact goes a long way to mitigating that problem. Someone who is familiar with your plan's design and understands how your company functions will always be a better option than a call center.

Open Architecture fund lineup – The days of a recordkeeper getting paid by investment companies to allow availability in our opinion should be long behind us. We believe a good recordkeeping platform offers a variety of investment choices from many investment companies, not just their own “house” investments, or those that offer incentives to the recordkeeper.

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CSP2020542

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carystreetpartners.com

Celia A. Rafalko

Financial Advisor, Corporate Benefits &
Retirement Services, Director
crafalko@carystreetpartners.com
804.888.7765

Raymond James (R.J.) Reibel

Corporate Benefits & Retirement
Services, Vice President
rreibel@carystreetpartners.com
804.616.3415