



#### MAKE

Gulfstream's New GS650ER  
Raises the Bar; An Interview  
with Wall Street's Top Cop;  
Big Banks in Trouble

#### GROW

HighTower's Elliot Weissbluth  
Versus the Wire Houses;  
The Boom in Southeast Asia;  
Millennials and Their Money

#### LIVE

Miami Beach's New Mayor;  
Watch Wisdom from Jean-  
Claude Biver; 10 Best  
Fitness Programs

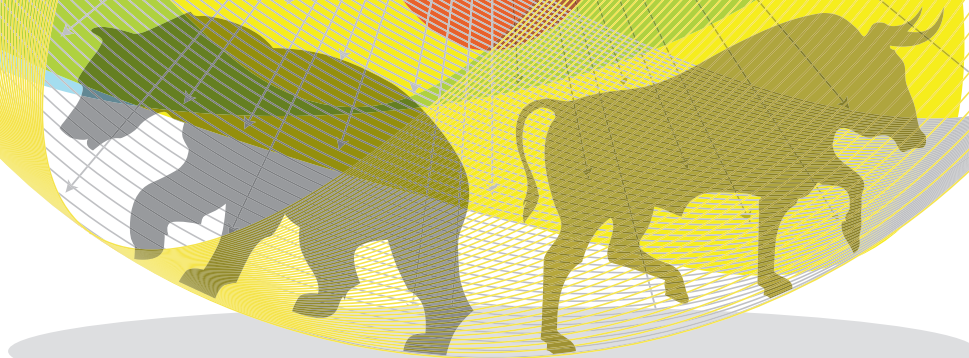
#### CURATOR

Zegna's New Power Suit; Four  
Whiskies Aged to Perfection;  
Luxury Coupes from Aston  
Martin, BMW and Mercedes

# Worth<sup>®</sup>

THE EVOLUTION OF FINANCIAL INTELLIGENCE

## THE 100 MOST POWERFUL PEOPLE IN FINANCE



WORTH.COM

# 32

VOLUME 23 | EDITION 05



## Richard P. Slaughter Associates Inc.

Phil Webb, AIF®

Senior Plan Advisor, RPS Retirement Plan Advisors

# “How do I recognize, and avoid, key risks associated with my company’s 401(k) plan?”

By Phil Webb

**In 2013, 75 percent of the 401(k) plans audited by the Department of Labor (DOL) had fines or penalties levied against them for plan errors.**

The average fine was \$600,000.

Additionally, 88 corporate officers, directors or service providers connected to flawed plans faced criminal charges for fiduciary breaches.

The individual charges were made because under the Employee Retirement Income Security Act (ERISA), any person who exercises control or discretion over a plan is considered a fiduciary. That means that you, as a business owner, might be held personally liable for fiduciary breaches in connection with your firm’s retirement plan.

To avoid a similar fate, employers offering this popular employee benefit must be vigilant about following the laws and regulations guiding 401(k) plans.

**Avoid common errors.** 401(k) plans have become increasingly complex. Staying in compliance with many of the new regulations is not often easy for a plan sponsor. Common 401(k) plan errors include:

- Failure to follow the plan document’s definition of eligible compensation
- Failure to submit payroll contributions in a timely manner
- Failure to follow the investment policy statement

- Exclusion of eligible employees from the plan

- Improper administration of hardship withdrawals

- Failure to update the plan document

- Failure to follow the loan policy

Overall, the best way to manage risk with your 401(k) plan is to form a plan committee, document and follow all policies and procedures while maintaining written records.

**Disclose all plan fees.** Fee disclosure regulations that took effect in 2012 require more involvement by the plan sponsor. Specifically, you must distribute notices to all participants informing them of the fees assessed against their accounts. Additionally, the burden is on the employer to assess 401(k) plan fees and determine their reasonableness.

Failure to take any of these steps could result in a prohibited transaction for the plan. In a worst-case scenario, that failure could in turn disqualify the plan for tax purposes.

**Outsource to experts.** Many employers opt to outsource some key fiduciary responsibilities. In fact, the DOL recommends that if you as a plan sponsor do not have expertise in a certain area, you hire a third-party expert.

In general, most of the functions associated with a plan’s administration fall under ERISA’s

3(16) fiduciary guidelines. There are independent firms that act as the named plan administrator and fulfill many of the day-to-day duties of running a plan. There are, however, significant differences in the scope of the services these firms perform. Make sure you understand exactly what duties an outsourcing company accepts responsibility for before engaging it.

**Understand third-party liability.** From an investment standpoint, you can also outsource significant liability to a qualified expert.

You must, however, ensure that any advisor you engage on behalf of your plan acts in a fiduciary capacity. Then get that acknowledgment of responsibility in writing. A fee-based 3(38) fiduciary can provide significant fiduciary protection and deliver investment advice to your employees.

Also note that regardless of how many experts you hire, your offer of a 401(k) plan means that you still retain some liability as the plan sponsor.

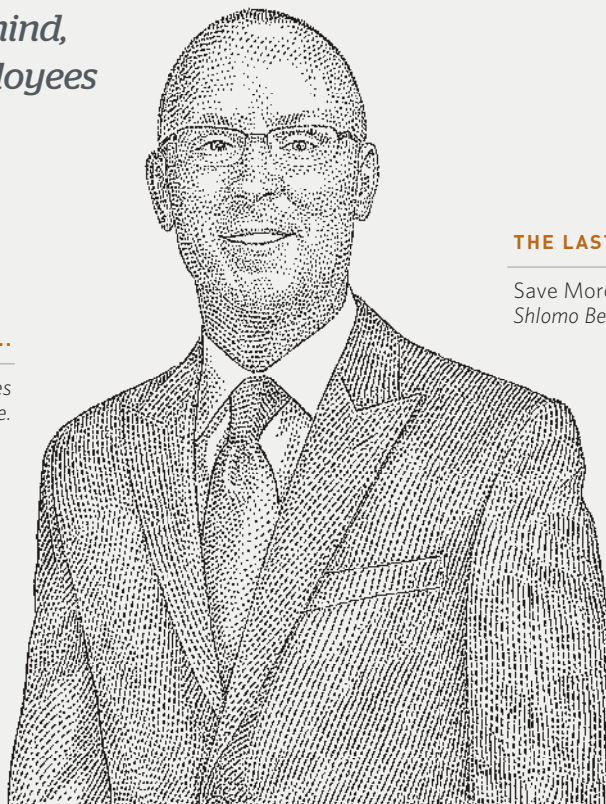
By taking the appropriate steps to meet your responsibilities and running the retirement plan in accordance with all laws governing it, you will have peace of mind, while providing your employees with a welcomed benefit. ☺

*"By taking the appropriate steps to meet your responsibilities and running the retirement plan in accordance with all laws governing it, you will have peace of mind, while providing your employees with a welcomed benefit."*

—Phil Webb

## How to reach **Richard P. Slaughter Associates**

You can reach any member of our team at 512.918.0000.  
We look forward to speaking with you.



### WHAT MAKES A GOOD CLIENT...

A good client is someone who sees value in the solutions you provide.

### WHAT'S ON MY DESK...

Lots of business cards, pens, highlighters, a few coasters and a picture of my family

### THE LAST BOOK I READ...

Save More Tomorrow by Shlomo Benartzi

## About Richard P. Slaughter Associates

Richard P. Slaughter Associates is a leading wealth management and financial planning firm which specializes in working with high net worth individuals, entrepreneurs and families. And through its subsidiary, RPS Retirement Plan Advisors, the firm delivers 3(38) fiduciary advisor services to corporate retirement plans. Slaughter Associates cultivates a comprehensive financial relationship with its personal and corporate clients by delivering expertise in financial planning and asset management, and building a healthy retirement plan focused on retirement readiness and fiduciary compliance. The result is a holistic approach that is unique in a financial industry that is often segmented and outsourced. By committing to these important components, Slaughter Associates and RPS Retirement Plan Advisors chart a path to reach the individual financial goals of its clients. With offices in both Austin and the Dallas-Fort Worth Metroplex, Slaughter Associates has been recognized by NABCAP as a Premier Advisor and given exemplary status for expertise in personal risk management.

Assets Under Management  
**\$370 million (as of 3/31/14)**

Largest Client Net Worth  
**\$20 million**

Minimum Fee for Initial Meeting  
**None required**

Minimum Asset Requirement  
**\$500,000 (investment services)**

Website [www.slaughterinvest.com](http://www.slaughterinvest.com)  
[www.rpsplanadvisors.com](http://www.rpsplanadvisors.com)

Compensation Method  
**Asset-based and hourly fees**

Professional Services Provided  
**Planning, investment advisory and money management services**

Primary Custodians for Investor Assets **Charles Schwab & Co.,  
Pershing, a BNY Mellon Company and TD Ameritrade**

Association Memberships  
**CFA Institute, CFA Society of Austin, Financial Planning Association,  
The National Association of Personal Financial Advisors**

Email [phil@rpsplanadvisors.com](mailto:phil@rpsplanadvisors.com)





Phil Webb, AIF®

*Senior Plan Advisor, RPS Retirement Plan Advisors*

---

**Richard P. Slaughter Associates Inc.**

13809 Research Blvd., Suite 905

Austin, TX 78750

Tel. 512.918.0000

[phil@rpsplanadvisors.com](mailto:phil@rpsplanadvisors.com)

[www.slaughterinvest.com](http://www.slaughterinvest.com)



**RICHARD P. SLAUGHTER**  
ASSOCIATES, INC.

*Charting Your Course to Financial Security*

REPRINTED FROM

**Worth®**  
THE EVOLUTION OF FINANCIAL INTELLIGENCE

Richard P. Slaughter Associates, Inc. is featured in *Worth*® 2014 Leading Wealth Advisors™, a special section in every edition of *Worth*® magazine. All persons and firms appearing in this section have completed questionnaires, have been vetted by an advisory group following submission by *Worth*®, and thereafter paid the standard fees to *Worth*® to be featured in this section. The information contained herein is for informational purposes, and although the list of advisors presented in this section is drawn from sources believed to be reliable and independently reviewed, the accuracy or completeness of this information is not guaranteed. No person or firm listed in this section should be construed as an endorsement by *Worth*®, and *Worth*® will not be responsible for the performance, acts or omissions of any such advisor. It should not be assumed that the past performance of any advisors featured in this special section will equal or be an indicator of future performance. *Worth*®, a Sandow Media publication, is a financial publisher and does not recommend or endorse investment, legal or tax advisors, investment strategies or particular investments. Those seeking specific investment advice should consider a qualified and licensed investment professional. *Worth*® is a registered trademark of Sandow Media LLC. See "About Us" for additional program details at <http://www.worth.com/index.php/about-worth>.