



# TIPS TO KEEP YOU AND YOUR RECORD KEEPER ON TRACK

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A relationship with a record keeper can be a lot like a marriage. There is a “courtship”, usually during a Request for Proposal or RFP, when the two parties get to know each other. Then the relationship is sealed with the “ring” – in this case, an executed service agreement. During the relationship, there may be times when things are working very well, such as when there are no delays or glitches. There may be times when things are not working so well, such as when requested changes are not implemented on time or participants are complaining. During times of turnover or organizational change, different people will enter and exit the relationship, adding their own complexities.

In this environment, how do plan sponsors and record keepers have productive and positive relationships? More importantly, when issues arise, how can plan sponsors be sure that they are getting the most out of their service providers?

## Framework for monitoring your Record Keeper

One of a plan sponsor’s many fiduciary responsibilities is to monitor its service providers. Best practices suggest that you and your committee should review your record keeper on, at least, an annual basis. Some areas for evaluation may include:

- **Overall responsiveness.** How quickly does your record keeper respond back to you? Are the appropriate people involved as needed?
- **Issue resolution.** When issues arrive, how quickly and thoroughly are they resolved? Does your record keeper admit when an error has been made, or give excuses?
- **Process / system improvements and updates.** When was the last time your website and the participant website were updated? Are there technologies you wish your record keeper was able to accommodate, but it can’t because of “system limitations”?
- **Overall communication.** Can you be open and honest with your record keeper? Do you have periodic calls or meetings to discuss not only outstanding items, but also

overall strategy and improvements for your retirement program?

- **Timeliness of updating data and transactions.** Has the record keeper had any delays in updating data or sending out participant checks?
- **Personnel turnover.** Has there been any turnover at your record keeper, or in any of the roles supporting your retirement program? When a change in personnel occurs, how is the transition handled? Does the history and uniqueness of your plan carry over to the new personnel, without your involvement?

## Establishing Service Levels

Don’t sign the service agreement then file it away to gather dust. Review your agreement regularly. It should outline what services your record keeper will provide and specify when it needs to perform these services. Further, check your agreement for provisions for dealing with poor performance. For example, what happens if the record keeper doesn’t send out participant statements on time or send out participant checks in a timely fashion? Is there anything in your agreement to make your record keeper accountable?

Implementing measurements for minimum standards with financial penalties can improve accountability. Record keepers are increasingly offering standards, so if you don’t have them in your agreement now, ask. Some service level categories to consider for your agreement include:

- Call center customer service metrics
- Web / call center system availability
- Participant transaction accuracy and turnaround
- Check processing
- Payroll processing
- Participant notice delivery timing
- Timeliness and accuracy of compliance testing

- Annual participant and plan sponsor satisfaction survey results

### Dealing with Issues

As in a marriage, there will be issues that come up in your relationship with your record keeper. As much as systems and processes are enhanced, updated and made more efficient, mistakes will still happen. The record keeper will show their true mettle during these crisis periods.

When issues arise, evaluate how your record keeper handles the situation. Think through the following:

- Timeliness of notification
- Thoroughness of the explanation and resolution
- Timeliness of resolution
- Root cause analysis
- Admission of mistake
- Compensation for financial losses incurred because of the record keeper's actions (or inaction)

Admitting an error occurred can be difficult, as no one wants to admit a mistake has been made. It is important to note, however, that often errors can be traced back to the quality of the data the plan sponsor provides to the record keeper. If a record keeper is implementing manual workarounds to process the data you provide, it's time to evaluate your own processes and system. It is critical that both the plan sponsor and the record keeper do their part to make the retirement program work effectively and efficiently.

### Industry Landscape

With the onslaught of lawsuits and audits from the DOL and IRS, everyone is feeling the pressure of getting things "right" on multiple levels. Invest the time to review and evaluate how you are working with your record keeper. Review the agreement and be familiar with the terms. Have an open and honest discussion about how things are working with the relationship manager assigned to your account. After all, while record keeping itself has become somewhat commoditized, it's still a relationship business.

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