

So You Want to Start a 401(k) Plan

Here's What You Need to Know

- 1. First and Foremost...Timing.** You've done your homework, consulted with your accountant and decided a 401(k) plan makes fiscal sense. Now what? Implementing a retirement plan is an important step for your company. Don't wait until the last minute to start the process. A good rule of thumb is to start at least 2 – 3 months before you want to launch the plan to get everything in good order.
- 2. Select an Investment Advisor to provide fiduciary oversight for the plan.** Do you already have one? If so, we'll work seamlessly with him/her. If not, we confidently recommend our partner company, BDS Financial Services. We both work with all the major players in this business – Voya, MassMutual, John Hancock, American Funds, Empower, Ascensus, Vanguard, Principal and more.
- 3. Choose a Recordkeeper to service you and your employees.** A recordkeeper acts as the custodian for the plan's assets, processes day-to-day transactions and provides support required to manage the plan responsibly. Find one who is responsive to your needs and has a user-friendly web-site and call center for you and your employees to manage their accounts. Your Investment Advisor will oversee the Request for Proposal process and present you with the top-tier options to ensure you find the best fit for your company.
- 4. Select a Third-Party Administrator to help you manage the plan.** This includes account reconciliations, compliance monitoring, preparation of annual reports and tax filings for the IRS, DOL, SSA, determining eligibility, allocations, vesting, etc. A TPA is also an important resource when designing your plan and can point out the pros and cons of the many different choices you'll encounter.
- 5. Design your Plan.** Now that you have the players in place, it's time to create a plan document. You know what you want and we know how to make it happen. Together, we can help design a plan that best suits your needs.
- 6. Get Your Payroll Provider Involved.** Your payroll provider plays a significant role in the day to day workings of a 401(k) plan: withholding contributions, monitoring limits, and more.
- 7. Finally...Communicate, Communicate, Communicate!** Get your employees excited about this valuable new benefit you're offering. We can help with this step as well.
- 8. Congratulations! You may qualify for a generous tax credit for small business owners.** Effective 1/1/2020, you may be eligible for a tax credit of up to \$5000 for each of the first 3 years of the plan! Prior to 2020, the maximum credit was \$500. Consult with your accountant for details.

As a TPA, BDS can assist with every step of plan implementation, from completing forms for the recordkeeper or payroll company, to helping coordinate all the moving pieces, to getting the word out to your employees.

See our [Why BDS](#) document for more information on our services.

