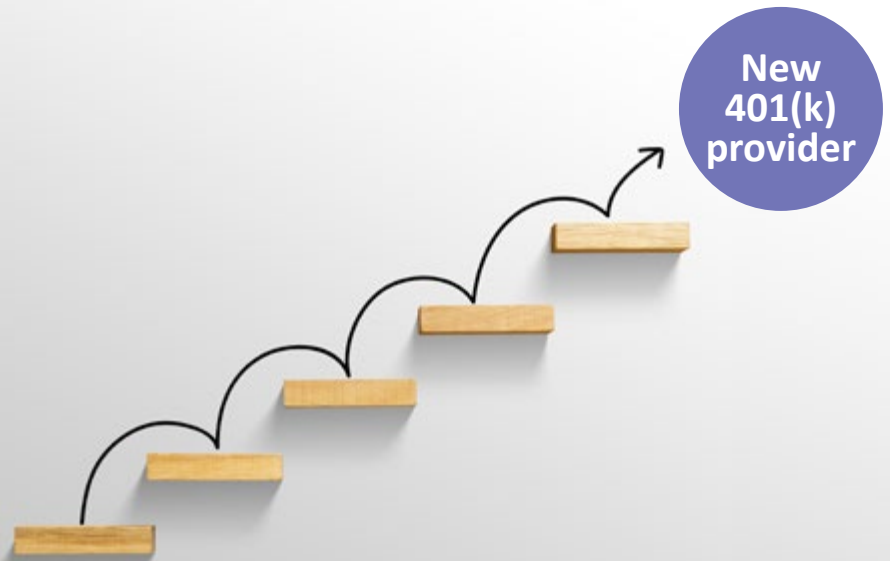


4 simple steps to help understand the transition to a new 401(k) provider

Learn what to expect when changing recordkeepers to avoid unpleasant surprises.



Change can be exciting but is sometimes stressful. However, transitioning to a new 401(k) recordkeeper shouldn't be a taxing experience. In this article, we're going to talk step-by-step through the events that may take place and provide inside knowledge about what to expect, so there are few surprises for you. With our clients, we have found that when they are properly prepared for the events ahead, everyone experiences a smooth recordkeeper transition process.

Step 1 | Recognition

Congratulations! Recognizing the need for change is the first step toward finding a solution. In this case, you have decided to move to a new retirement plan recordkeeper. Chances are, you have evaluated a few different options, then based on your plan's needs, you selected the best one. To officially begin the relationship, your new recordkeeper will request New Business Paperwork. That typically involves:

- Retirement plan contract
- New investment selections
- QDIA option
- Safe Harbor IRA provider (if applicable)

- TPA coordination (plan documents, amendments, valuations, Form 5500 and/or additional documents)

Those are the initial documents needed to move forward and begin the transition process.

Step 2 | Review

Once all the above documents are received, your recordkeeper relationship manager will review them and confirm that the information is in good order. Typically, this process takes a few days to a couple of weeks, depending upon how quickly the documents are received and reviewed.

Keep in mind that this is an opportune time to make changes to your current retirement plan. For example, if you have been thinking about auto-enrollment, auto-escalation, plan design changes, force-out provisions or other adjustments, now is the ideal time to discuss them and update your plan prior to implementation.

Step 3 | Setup

There are four important functions going on during this time:

1. **Payroll.** The new recordkeeper will walk your team

through the process of uploading and submitting payroll. If not already provided, they will most likely ask for a company census to assist with the initial upload.

2. **Transfer of assets.** By now, your former recordkeeper has been informed that your plan is moving to a new recordkeeper. The formal process is begun by sending a Liquidation Request letter to your former recordkeeper. Most recordkeepers have a department that specializes in transfers. Your new department will work together with your old one to coordinate the transfer of assets. Then, the next step is to distribute a Blackout Notice to your employees, which notifies them that for a window of time (usually between 3 – 10 days), they will not be able to make any changes to their retirement plan account. This is when the entire plan's assets are in motion (meaning being transferred).
3. **Account openings.** Your participants' accounts are opened on the new recordkeeper's system. These accounts are not funded at this time because the assets are in transit. Once the assets are transferred, your participants will see the same accrued account balances.
4. **Enrollment meetings.** Let's get excited: it's time to enroll and educate your employees about the new recordkeeper and the opportunity to share details of any new capabilities. These may include online tools, financial wellness resources, income projections and more. Depending upon how the plan is setup and potential enhancements to design features, meetings are a way to inform employees about how you are helping them on their savings journey toward retirement.

Also, remember to communicate with former participants. They are still active members of the plan and need to be informed of changes.

Step 4 | Completion

The plan conversion is nearly complete. The last steps include the transfer of assets, followed by the confirmation that everything has been successfully transferred and allocated into the correct participant accounts. The final stage effectively ends the Blackout Notice period, meaning your plan participants can view their account balances and make investment changes.

Going forward, all new payroll uploads will happen on the new recordkeeper's platform, and your dedicated relationship manager will be available for questions, comments and ongoing support.

In this together

For our clients, we aim to provide clarity and consistent communication throughout the recordkeeper conversion process. We realize that this is outside the normal course of business, which is why we are here to guide you step-by-step through the process. Changing retirement plan recordkeepers can be stressful, but we have found that when our clients are prepared beforehand, the process is much more effective, making the conversion a win-win-win process for you, your business and your employees.

Connect with us to learn more: [hhconsultants.com](https://www.hhconsultants.com)

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