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Retirement Plan Newsletter | Q4 2023

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401(K): THE ANNUAL CHECKUP

Annual Plan Review. Investment Committee Meeting. Fiduciary Review. It goes by many names. No matter what you call it, it is an essential part of 401(k) plan oversight. If you are involved with the administration of your company's retirement plan, then you and others should be meeting on a regular basis to review the plan's performance and management.

How often? This varies from plan to plan, but you should be meeting at least annually. Some companies meet on a quarterly or semi-annual basis, but the important thing is that you are consistent.

Who attends? Some companies will establish a retirement plan committee made up of employees who have some kind of discretionary authority over management of the plan. In addition, a typical meeting will involve the advisor, a representative from the recordkeeper, and if applicable, the Third Party Administrator (TPA).

What topics are covered? The main areas of discussion involve plan demographics, plan design, investment performance, and fees. These discussions should include benchmarking from a third party or independent source. Additionally, it is common to cover recent legislative updates as they relate to retirement plans and to discuss an employee education schedule for the year.

Should I keep a record of this meeting? Yes! Ideally, someone will record and write up the meeting minutes. The minutes along with any reports that are reviewed should be kept on file should you need to reference anything or should you need them for an audit of the 401(k) Plan.

401(K): THE RFP PROCESS

As described above, Grimes & Company does recommend that companies benchmark the plan fees and investments annually. However, you may also conduct a more formal Request for Proposal (RFP) every 3-5 years. An RFP involves putting your plan out to market and allowing various providers the opportunity to "bid" on your business. Why is this important?

Requesting a proposal from other service providers allows you to see the most up to date investments, technology, and pricing for a plan your size across the marketplace. This is especially important if your company has grown or otherwise

changed in size or structure. Typically, recordkeepers will not change pricing or services unless asked, so an RFP can provide you with powerful leverage to approach your current service provider.

An RFP is best conducted by an independent Registered Investment Advisor (RIA) that has experience in the process. Often 3-4 other providers will be asked to participate, and the advisor will work with you to determine if it is in the best interest of the plan and its participants to keep the plan where it is, move the plan, or restructure the current arrangement.

Grimes has a dedicated team that specializes in providing investment advisory services to retirement plan fiduciaries and their employees. We assist clients with investment selection and monitoring, fee benchmarking, plan design, and employee education.

IRS ANNOUNCES 2024 401(K) CONTRIBUTION LIMITS

| | 2023 | 2024 |
|-------------------------------------|-----------|-----------|
| 401(k) & 403(b) | \$22,500 | \$23,000 |
| 401(k) & 403(b) Catch-Up | \$7,500 | \$7,500 |
| HCE | \$150,000 | \$155,000 |
| Key Employee | \$215,000 | \$220,000 |

IMPORTANT DISCLOSURES:

Sources include eSignal.com, Bureau of Economic Analysis, Bureau of Labor Statistics and FactSet.

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