

# ANNUAL RETIREMENT PLAN CHECKUP



Proactive checkups and preventive care are the keys to identifying and addressing health issues early, before they become catastrophic. The same principles can be applied to the management of a 401(k) plan. Many plan sponsors find that a thorough annual plan review is the best way to make sure their plan is both operating in compliance with plan documents and current regulations, and providing strong, valued employee savings benefits.

Plan sponsors rely on retirement plan professionals to identify the appropriate metrics that should be part of a plan's annual review. No checkup is complete without an analysis of how the plan's metrics compare to those of other companies. Retirement plan professionals are the best resource for this critical benchmarking information.

This worksheet lists some of the topics that may be appropriate to include in a plan's annual checkup.

| Participation and Contributions                  |  |  |
|--|--|--|
| <b>Participation Rate</b>                        | Percentage of eligible employees participating                                 | ____ %   |
|  | Participation rates across different employee demographics (e.g., age, salary) | Demographic<br>____ %<br>____ %<br>____ %                |
| <b>Automatic Enrollment</b>                      | Percentage of employees automatically enrolled                                 | ____ %   |
|  | Opt-out rate   | ____ %   |
|  | Percentage who increase deferrals above default rate                           | ____ %   |
|  | Percentage of employees re-enrolled  | ____ %   |
| <b>Employee Contributions</b>                    | Percentage of eligible employees making contributions                          | ____ %   |
|  | Average deferral percentage  | ____ %   |
|  | Deferral percentage across different employee demographics (e.g., age, salary) | Demographic<br>____ %<br>____ %<br>____ %                |
| <b>Employer Contributions</b>                    | Contribution costs year over year  | ____ %   |
|  | Percentage of employees receiving maximum match                                | ____ %   |
| <b>Plan Limits and Nondiscrimination Testing</b> | Types of excess contributions (if applicable)                                  | _____<br>_____   |
|  | Confirm timely correction (if applicable)                                      | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|  |  |  |

This list has been developed as an educational resource and identifies some of the issues that plan fiduciaries may want to monitor. It is not intended to be all-inclusive and should not be used as a substitute for competent ERISA counsel and other plan administration and investment support.

| <b>Distribution and Loans</b>                 |  |                              |                               |
|---|--|------------------------------|-------------------------------|
| <b>Loans</b>                                  | Number and dollar amount of outstanding loans                                      | No.                          | \$_____                       |
|   | Percentage of participants with loans  | _____                        | %                             |
|   | Number and dollar amount of defaulted loans  | No.                          | \$_____                       |
| <b>Hardship Distribution</b>                  | Number and dollar amount of hardship distributions                                 | No.                          | \$_____                       |
|   | Percentage of participants who took a hardship distribution                        | _____                        | %                             |
| <b>Required Minimum Distributions (RMDs)</b>  | Identify participants subject to RMD rules   | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
|   | Confirm all RMDs are timely distributed  | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
| <b>Terminated Participants</b>                | Review list of terminated participants   | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
|   | Confirm cashouts of small balances (per plan document)                             | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
| <b>Investments</b>                            |  |                              |                               |
| <b>Number and Types of Investment Options</b> | Confirm number is appropriate based on participants' level of investment expertise | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
|   | Consistent with current Investment Policy Statement (IPS)                          | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
|   | Identify any appropriate changes to IPS  |                              |                               |
|   | Aligned with plan investment objectives  | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
| <b>Investment Fees</b>                        | Average expense ratio  | _____                        | bps                           |
|   | Reasonableness of fees (benchmarks)  | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
| <b>Investment Allocations</b>                 | Percentage of assets in each investment type                                       | _____                        | %                             |
|   |  | _____                        | %                             |
|   |  | _____                        | %                             |
|   |  | _____                        | %                             |
|   |  | _____                        | %                             |
|   | Level of diversification, by participant   | <input type="checkbox"/> Low | <input type="checkbox"/> Med. |
| <b>Default Investment</b>                     | Qualified Default Investment Alternative (QDIA) eligible                           | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |
|   | Percentage of participants defaulted (no investment election)                      | _____                        | %                             |
| <b>Investment Education for Participants</b>  | Topics and dates   |                              |                               |
|   |  |                              |                               |
|   | Delivery methods (e.g., live, online)  |                              |                               |
|   |  |                              |                               |
| <b>Investment Advice for Participants</b>     | Costs  | \$_____                      |                               |
|   | Additional training needs  |                              |                               |
|   |  |                              |                               |
| <b>Investment Advice for Participants</b>     | Percentage of usage by participants  | _____                        | %                             |
|   | Fees   | \$_____                      |                               |
|   | Satisfaction with service provider   | <input type="checkbox"/> Low | <input type="checkbox"/> Med. |

| <b>Fiduciary Considerations</b>       |  |                              |                               |                               |
|---------------------------------------|--|------------------------------|-------------------------------|-------------------------------|
| <b>Timely Deposits</b>                | Confirm employee deferrals and loan repayment deposited timely | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
|                                       | Corrective actions for any late deposits                       | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
| <b>Education for Plan Fiduciaries</b> | Dates and topics addressed                                     |                              |                               |                               |
|                                       |  |                              |                               |                               |
|                                       | Vendor satisfaction  | <input type="checkbox"/> Low | <input type="checkbox"/> Med. | <input type="checkbox"/> High |
|                                       | Costs  | \$ _____                     |                               |                               |
| <b>Fiduciary Meetings</b>             | Additional training needs                                      |                              |                               |                               |
|                                       |  |                              |                               |                               |
|                                       | Dates and agenda   |                              |                               |                               |
|                                       |  |                              |                               |                               |
| <b>Fee Oversight</b>                  | Minutes maintained   | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
|                                       | Received all required service provider fee disclosures         | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
| <b>Participant Concerns</b>           | Reviewed and benchmarked all plan service fees                 | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
|                                       | Addressed all plan participant questions, concerns             | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
| <b>Fidelity Bond</b>                  | IRS or DOL corrective actions outstanding                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |
|                                       | Bond provides required level of coverage                       | <input type="checkbox"/> Yes | <input type="checkbox"/> No   |                               |

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