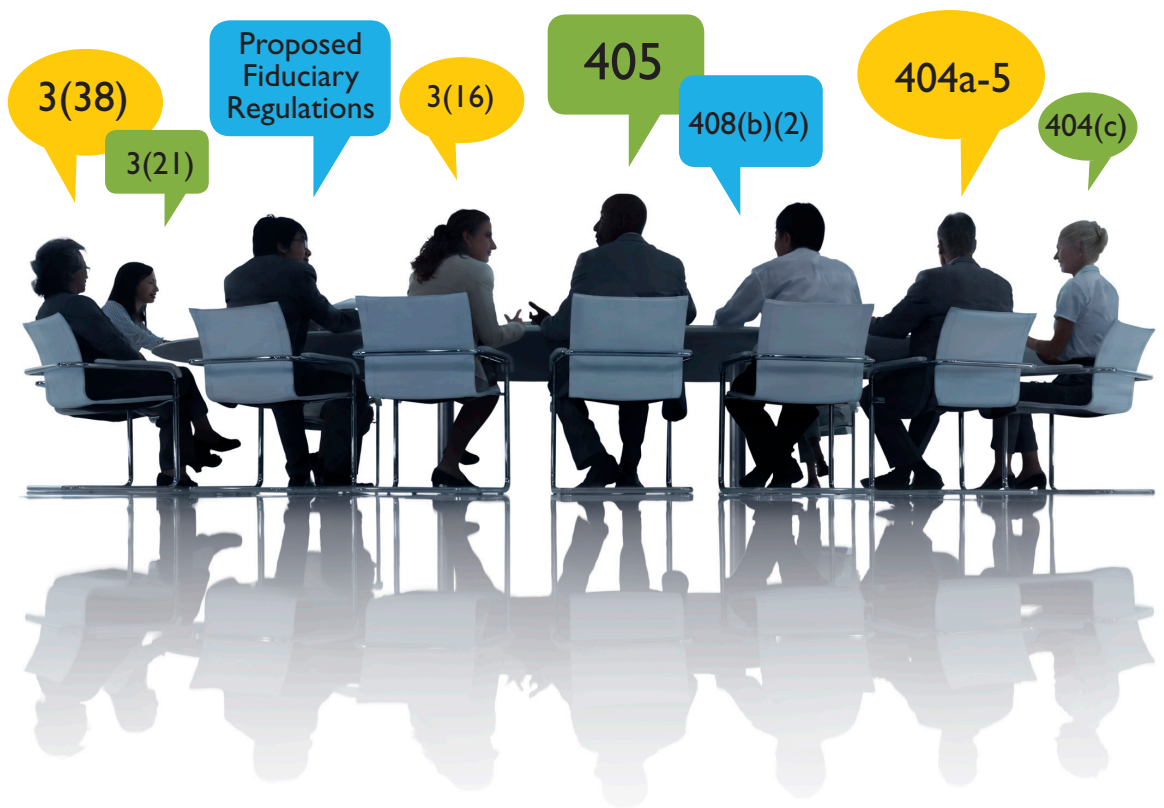




ADMINISTRATIVE FIDUCIARY SERVICES, INC.
Helping Employers

What's in a Number?



ADMINISTRATIVE FIDUCIARY SERVICES, INC.

www.AFS316.com

WHAT IS IN A NUMBER?

There are a lot of people talking about fiduciary services and fiduciary liability, but what does it all mean? Does it have to be this confusing? Is it really that difficult?

While a lot of time is spent talking about the liability related to investments and fees, the actual plan operation and administration is extremely important. The IRS and DOL have authority to impose penalties and fines on plans that have operational or reporting errors even when the investments are extremely prudent and inexpensive. For many micro to mid-sized plans, the liability associated with operational errors can be much more costly than issues related to investment choices.

Administrative Fiduciary Services, Inc. ('AFS') serves as a co-fiduciary with employers with respect to administrative issues, assists with satisfying administrative fiduciary responsibilities AND saves employers time.

SERVICE LEVELS

As part of the implementation process AFS will review the supplied plan documents and records to ensure that the services being offered by AFS are compatible, establish the employer and plan data in our systems and notify the Plan and Employer once AFS is prepared to accept appointment as a fiduciary. Because every employer's needs are different, we offer three levels of services:

Basic Level

- Accept signing authority or approval for loans and regular distributions
- Review documentation for hardship distributions and approve hardship distributions
- Review QDROs
- As necessary, AFS will search for missing terminated participants
- Request necessary participant information from the Plan Administrator to perform above tasks
- If applicable, review the vesting upload prepared by the TPA
- Ensure age 72 required minimum distributions are properly done
- Ensure participant balances that are 0% vested are properly forfeited
- Ensure that loan defaults are done at least annually
- Review the plan at least annually for cashouts
- Monitor the recordkeeper plan sponsor message center as applicable
- Notify the trustee and other fiduciaries of any plan irregularities that AFS observes
- Provide access to administrative fiduciary educational materials and webinars
- Work collaboratively with your TPA and/or recordkeepers for the benefit of the employer and the plan
- Provide annual report on AFS services provided

SERVICE LEVELS (Continued)



Notices Only Level

- Handle the following notices to participants as required:
 - Summary Annual Reports
 - Annual QDIA
 - Annual 404a-5 notices
 - Safe Harbor notices as applicable
 - Summary of Material Modifications
 - Auto-enrollment notices
 - Notification of vested benefit for terminated participants
 - Beneficiary forms

Partner Level

- All services listed above for Basic + Notices only Levels
- Review testing packages and proceed with corrections (if any) or request additional information
- Perform semi-annual reconciliation of employee deferrals received by the Plan to the payroll records
- Ensure forfeitures of unvested balances for participants who have incurred a five year break-in-service are performed
- Verify employer contribution for required annual contributions
- Distribute 404a-5 fund change notices to participants as applicable
- Distribute SPDs and SMMs for plan amendments and restatements as applicable
- Review and sign Form 8955-SSA as applicable
- Review and sign Form 5500 as the plan administrator
- For large plan filers, review the Form 5500 and audit report
- Advise of available forfeitures at least annually
- Review suspension of deferrals for hardship distributions
- Review fidelity bond coverage complies with ERISA requirements
- Review that Summary Plan Description is not more than 5 years old

Additional Optional Services (available for any service level)

- Mailing of blackout notices upon transition to new recordkeeper
- Review of prior year Form 5500 and/or ADP/ACP test

Custom Services

We are also available to provide quotes for custom services for clients. Please contact us to discuss your situation.

Participant File Submission

- Submit 401(k) deductions, employer contributions and loan repayments to record-keeper (each pay period)
- Authorize ACH funding each pay period
- Submit full census data file to record-keeper (each pay period)
- Payroll system requirements: On-line payroll system; Read-only user access granted to AFS

Payroll Modifications

- Setup newly eligible 401(k) participants including auto enrollment
- Establish 401(k) deductions each plan entry date
- Update deferral rate changes and process modifications in accordance with plan provisions including auto-enrollment and auto-escalation
- Establish loan payments for new or refinanced loans and discontinue any paid loans each pay period
- Manage 401(k) contributions in accordance with terms of hardship rules
- Verify match formulas and annual compensation limits within payroll system

*As an additional service, AFS will submit the annual census data file to 401(k) provider and/or TPA for the purpose of compliance testing annually (additional fee applies)

