

Cycle 3 Plan Restatements Delivery White Paper

The Internal Revenue Service (IRS) announced the Cycle 3 restatement window would begin in August 2020 and end on July 31, 2022. As a result, preapproved Defined Contribution plans assigned to Cycle 3 were required to be restated to incorporate applicable regulatory / legislative changes since the last Cycle. Signed restatements were required by July 31, 2022.

We worked with a client who performs recordkeeping and document services for five plan providers, totaling approximately 8,500 plans that were due to be restated within the Cycle 3 restatement period. The scope of restatement presented a major challenge for our client's existing resources and staffing models.

There were multiple roadblocks which included:

- The sheer volume of plans to be restated: Each group coming from its own unique document platform and with its own set of data challenges.
- A subset of new plans required conversion into our client's document and recordkeeping systems during the restatement effort.
- Staffing constraints with its existing plan document team as well as hiring challenges brought about by the COVID-19 pandemic.
- The need for technical resources with the requisite skillset to perform a temporary / high-volume task.
- A fast-approaching IRS restatement deadline which was unlikely to be extended.

To resolve these challenges and ensure their plans were restated before the deadline, we assembled a fully remote, dynamic team composed of a variety of industry experiences and expertise. While the restatement period spanned two (2) years, our team was onboarded with just ten (10) months remaining to meet the deadline.

The team was comprised of:

- Project manager and team leaders
- Document and system experts, including Relius and ASC
- Retirement plan compliance experts
- Experienced plan document consultants

First, the project team set out to create processes and roadmaps. Our team interviewed our Client's plan design team to understand relevant systems and processes, then drafted vendor-specific restatement procedures and conducted comprehensive team training. They used lessons learned to develop an overall project plan and timeline, obtaining buy-in from our Client and key stakeholders.

Important project management considerations included:

- Demanding management and communication rigor required for an effort with multiple stakeholders with diverse priorities.
- Crucial forecasting models for initial delivery of restated documents and predicted plan sponsor / signer execution.
- Flexibility to accommodate expanding scope due to varying stakeholder needs across 5 plan providers.

Next, the project team:

- Conducted hands-on, 100% virtual, interactive team trainings where each team member was required to demonstrate mastery of each process.
- Implemented onboarding and communication processes designed to quickly resolve matters while minimizing demands on our Client's resources. These included:
 - Assignment of a dedicated operations manager tasked with overseeing onboarding team members, creating training materials, and resolving password resets / lockouts and other system access issues affecting the team.
 - Integration with our Client's workflow structure, working with system programmers to create custom workflows, developing scripts to upload records into our Client's systems and creating customized reports.
 - Implementation of a customer service mailbox to facilitate communication with vendor stakeholders, relationship managers and plan sponsor contacts – all virtually, and without the need to implement a call center.
 - Collaboration with ERISA counsel and compliance teams across vendors.
- They effectively resolved all significant challenges that arose. Processes and workarounds were created to quickly to accomplish this:
 - Leveraged a dedicated manager who helped to facilitate an extended onboarding process and spearhead resolution of potentially significant delays due caused by server capacity issue that arose.
 - Reviewed data provided by vendor to identify and prioritize restatements for plans with hardship amendments that needed to be executed by the earlier December 31, 2021, deadline that did not yet have a signed amendment on file.
 - Performed technical collaboration with plan design team to ensure that certain PPA provisions were correctly mapped to Cycle 3 and raised technical matters directly to Relius for resolution, where applicable.

- Expanded engagement scope to include drafting trust agreements for plans with a TPA managed adoption agreement and created Cycle 3 document where a previous adoption agreement did not exist in the system.
- Accommodated midstream scope expansion to include high volume of trustee change requests, address change requests and other indicative data changes to relieve amendment volume on Client's existing plan design team.
- Successfully restated all plans within the applicable deadline. Our team timely restated and delivered all restatement packages to signers by the applicable regulatory deadline, achieving an execution rate as high as 98%.

We leveraged a persistent and comprehensive communication strategy, including the use of electronic signature applications and contacting internal and external stakeholders, to encourage signers to execute in advance of the deadline. By implementing a process to timely address plan sponsor concerns and changes, we were able to achieve an exceptionally high execution rate.

The project team performed comprehensive archiving, clean-up, and a quality review:

- Performed a thorough quality control review of documents loaded to Client platforms.
- Scrubbed Client systems of draft and work in process documents thereby negating the need for clean-up work using Client's own resources.
- Updated and finalized relevant processes and procedures as leave behinds for Client.

Upon project completion, EI had provided a highly customized service and delivered all restatement packages including individualized follow-up with plan sponsors and trustees to ensure the highest possible signing rate. The project team successfully created and sent all restatement packages to signers within the regulatory deadline achieving overall signature rate as high as 98%.

We received positive feedback from the Client and several stakeholders thereby enhancing the Client's reputation and goodwill among its own customers and within the industry. Our Client retained repository of written and tested procedures to leverage for future projects.