

Who's Who - Understanding Retirement Plan Relationships

The retirement plan ecosystem relies on specialized entities collaborating to ensure legal compliance, financial health, and smooth daily operations for both the business and its employees.

Core Plan Management: Company & TPA

- The Company (Plan Sponsor): Positioned at the center as the primary fiduciary authority. The company establishes the retirement plan and oversees the entire benefit program for its employees.
- Third-Party Administrator (TPA): Functions as the technical compliance backbone. The TPA designs custom plan documents, performs mandatory annual nondiscrimination testing, and prepares government filings (Form 5500), amongst other responsibilities.

Strategic & Tax Advisors

- Financial Advisor / Plan Advisor: Partners directly with the company to structure the investment lineup, monitor fund performance, provide fiduciary support, and deliver financial wellness education to participants.
- Certified Public Accountant (CPA): Oversees corporate tax reporting, integrates payroll data, and coordinates mandatory annual plan audits required for larger plan filings.

Operational Infrastructure & Asset Safeguards

- Recordkeeper (Platform Provider): Selected independently to handle participant-level account tracking. They manage individual employee web portals, track contribution allocations, generate statements, and direct trade instructions based on chosen platform capabilities.
- Custodian (Safeguarding Institution): Selected as a separate, regulated financial institution focused strictly on asset protection. They physically hold plan funds, handle trust accounting, and execute transfers.

This division of responsibilities offloads heavy administrative burdens from the employer while ensuring strict regulatory oversight, fiduciary protection, and smooth asset management.

