

2020 CARES ACT

Providing Direction and Guidance to Plan Sponsor Clients: a Sample Action Plan

Certainly the COVID-19 pandemic has created many significant business-related challenges for advisors, plan sponsors and recordkeepers. During these uncertain times, plan sponsors will undoubtedly look to their advisor for guidance and direction regarding their retirement plan. Here are some tips to consider to help your clients continue to manage their plan as well as address plan participant inquiries and concerns.

1. If you haven't already, talk to the plan recordkeeper's relationship manager about the plan's status and any specific implications the provisions of the CARES Act may have for the plan. Determine who will take the lead in communicating directly with the plan sponsor about the CARES Act and facilitating a discussion of next steps.
2. As soon as possible, whoever is taking the lead should communicate with the plan sponsor (via email or phone) about the passing of the CARES Act and the key provisions related to retirement plans (an approved email template that LPL financial professionals can send or use for talking points is located at the end of this document).
3. A conference call should also be facilitated as soon as possible with the plan committee as well as any other key plan service providers (such as a TPA) to discuss the CARES Act, any specific implications for the plan, and next steps.

Conference call sample agenda checklist:

- Review the key provisions of the CARES Act and any specific implications for the plan.
- Discuss any plan amendments that should be considered with regard to plan distributions and loans (for example, in the case of a plan that does not currently offer loans and/or hardship distributions).
- If necessary, review the plan recordkeeper's processes with regard to taking a distribution or loan and whether any changes are being implemented with regard to expediting the process.
- Discuss any recommended changes to the plan's investment lineup, including the addition of any new funds or vehicles that may provide additional diversification capability.
- Review any Watch List and determine if action should be taken as to any investments on the list.
- Determine a schedule for follow-up and investment monitoring discussions.



- Make sure any actions being taken are documented in meeting minutes. If there were no recommended changes, document that as well.
4. Working in partnership with the plan relationship manager and plan sponsor, discuss and create a participant communication plan to enhance participants' understanding of the plan and investments, as well as calm their fears. The communication plan should consider the following:
 - Remind plan participants where they can locate information regarding the retirement plan, educational materials, and any plan services (such as recordkeeper call centers) that may be able to answer participants' questions.
 - Identify any participant investment educational materials that can be distributed to participants via email, text or through the recordkeeper's and/or employer's website. Such materials are typically available from the recordkeeper and should focus on investing for the long term, surviving market volatility, a review of risk versus reward, diversification, determining risk tolerance, rebalancing, and the like.

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- Of course, a volatile stock market is not the ideal time for an employee to withdraw amounts from a retirement plan; however, given this situation, employers will likely want to remind employees that this option is available and communicate the additional flexibility created through the CARES Act, along with instructions on how to process a loan or hardship distribution request through the plan recordkeeper. The plan's recordkeeper will likely have their own approved language and capability to communicate it directly with plan participants about processing withdrawals (via text, email or call center representatives).
- 5. Help your plan sponsor clients ensure that plan documents (including summary plan descriptions) are organized in a fashion that they can be easily provided to meet any participant document requests.
- 6. Maintain regular contact with your plan sponsor clients and determine ways to reach each other, as well as other service providers, from remote locations.