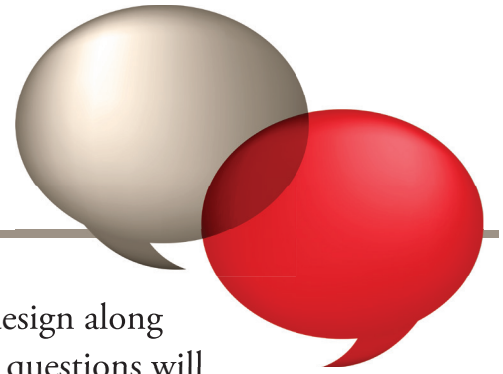


10 Questions to Ask Your Actuary



The success of a Cash Balance Plan depends on creative plan design along with effective, accurate and timely plan administration. These 10 questions will help you do your due diligence before partnering with a pension actuary:

1. How long have you been doing Cash Balance Plans?

Working with an actuary who is new to the complexities of Cash Balance is like choosing an eye surgeon who just finished training on Lasik. Many actuaries have only worked on traditional defined benefit plans and do not fully understand the nuances of Cash Balance.

2. How many Cash Balance Plans do you currently administer?

If the company doesn't handle many plans, they may not have the experience to design and manage your client's plan successfully.

3. What is the size of the typical plan you handle?

A small firm's Cash Balance Plan is far simpler to manage than one with multiple partners or shareholders.

4. What are your service standards for plan illustrations and actuarial reports?

Cash Balance Plan sales and client retention can be seriously hampered by an actuary's inability to meet deadlines and quickly deliver proposals and client reports.

5. How many actuaries do you have on staff?

Many TPA firms outsource Cash Balance Plans since they don't have an in-house actuarial team. For accountability and direct access to expertise, it's preferable to work with a specialized firm whose staff actuaries are highly experienced with Cash Balance Plans.

6. What do your fees cover?

Ask for a detailed breakdown, and be wary of hidden fees. Ask if the installation includes the plan document. Be wary of very low fees and underbidding. Cheap retirement plans become shockingly expensive when they run into compliance and funding problems and need to be terminated or taken over by a more experienced actuary.

7. Do you offer online participant access with on-demand statements?

Most actuarial firms can only provide annual paper statements which are typically available many months after the end of the year.

8. Do you administer plans using an "Actual Rate of Return" interest crediting rate? Do you allow multiple investment options within a plan?

Most actuarial firms cannot service plans using an actual rate of return ICR. Of the firms that do, few have the actuarial expertise to offer multiple investment options within the plan.

9. What industries do you serve?

Plan design issues and challenges vary greatly by industry, so look for a firm with Cash Balance experience specific to your field. For example, law firm plans usually have multiple tiers of participation and require knowledge of managing partnership risk.

10. Who can I call as a reference for your work on Cash Balance Plans?

A good actuary will happily provide client references you can call, specifically Cash Balance clients in your industry.

10 Questions to Ask Your Actuary



Here's How Kravitz Answers!

1. How long have you been doing Cash Balance Plans?

Kravitz implemented one of the first IRS-approved Cash Balance Plans in 1989, and we've worked on more than 2,000 plans in the ensuing 25 years.

2. How many Cash Balance Plans do you currently administer?

We currently administer over 500 Cash Balance Plans for clients throughout the U.S., across all industry sectors.

3. What is the size of the typical plan you handle?

Kravitz manages Cash Balance Plans for one to 1,500+ participants. Our typical plan is in the 25–100 participant range.

4. What are your service standards for plan illustrations and actuarial reports?

We guarantee 72-hour turnaround on our customized plan design illustrations. Actuarial reports are provided no later than six weeks after finalizing participant statements. Kravitz clients receive a detailed list of Cash Balance Service Standards, and we consistently win praise for our timeliness and quality standards.

5. How many actuaries do you have on staff?

Kravitz has nine dedicated staff actuaries, averaging 20+ years of Cash Balance experience each.

6. What do your fees cover?

Our annual administration fee includes all non-elective administrative requirements with the exception of PBGC filing. Clients have a detailed service agreement explaining all costs, and there are no surprises.

7. Do you offer online participant access with on-demand statements?

Yes, all our clients enjoy seamless online access to their accounts from any computer or mobile device, with statements available on-demand. Kravitz is also the only firm providing daily recordkeeping for Cash Balance accounts.

8. Do you administer plans using an "Actual Rate of Return" interest crediting rate? Do you allow multiple investment options within a plan?

Yes, more than 30% of our large plans use Actual Rate of Return and we have received numerous IRS approval letters. Kravitz was the first TPA in the country to offer clients multiple investment options within a single Cash Balance plan.

9. What industries do you serve?

We have more than 250 medical group and law firm clients, along with many other clients across diverse industry sectors – from manufacturing and technology to retail and real estate.

10. Who can I call as a reference for your work on Cash Balance Plans?

We are happy to provide references – just ask. The average score on our annual Client Satisfaction Survey is 9.4 out of 10, with 92% of clients saying they would recommend Kravitz to a friend or colleague.