



# A sensible path to sole recordkeeping

## You can get there from here

Plan sponsors today are looking at the issue of vendor consolidation with new urgency—and with good reason. Here are some of the challenges they face:

- New regulations and compliance requirements
- Increased fiduciary responsibility and potential liability
- Additional monitoring and reporting
- Increasingly complex operational processes
- Growing responsibility for providing retirement outcomes in a defined contribution environment

Against this backdrop, it's no wonder that sponsors are asking why they should stick with a multiple-vendor recordkeeping approach that adds even more administrative complexity to their lives. That is what's driving the urgency and interest around vendor consolidation and sole recordkeeping.

We believe that sole recordkeeping lays the foundation for better employee engagement and decision-making, as well as improved savings habits by employees. In [Recordkeeping options and retirement readiness: a quick-reference guide for plan sponsors](#), we compare the major recordkeeping models and the experiences they offer to sponsors and employees in daily use. It demonstrates that sole recordkeeping can simplify plan administration, make fiduciary obligations easier to meet, streamline costs, and enhance employee outcomes and satisfaction.

We also recognize the difficulties many sponsors face when considering a conversion to sole recordkeeping. Which is why, for many institutions, we propose a phased approach to implementing the model.

### Step-by-step vs. the single leap

We understand that many plan sponsors and their institutions aren't able to make the change to sole recordkeeping in a single leap. Institutions have competing internal priorities, limited resources and, in many cases, longstanding relationships with multiple vendors they may be reluctant to dismantle.

What's more, while many institutions acknowledge the advantages of sole recordkeeping, they need time to absorb the changes it requires in their IT, payroll and benefits departments. And they need time to allocate staff resources, review plan documents, establish or refine proper plan governance, and much more.

For those institutions, a phased approach can help them evolve toward sole recordkeeping. Institutions prevented by law from moving to full sole recordkeeping can still take a phased approach to help them move to the most effective multiple-vendor platform.

Evolving in phases can provide the time to finalize the new platform with the least possible disruption. By advancing toward sole recordkeeping one step at a time, institutions have the latitude to align their systems according to their own timelines. It also reduces the upheaval of the conversion, gives room for managing conflicting priorities, and makes it easier to gain consensus and make progress in a more measured, cooperative way.



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Financial Services

### A disciplined approach

Institutions may undertake the journey to sole recordkeeping via various paths, depending on their current recordkeeping model and other internal factors. A phased approach would provide for a controlled evolution from a multi-vendor platform, through consolidated multi-vendor, multi-vendor coordinator, and finally to sole recordkeeping.

Wherever you begin the process, we suggest you work with your plan provider and consultant to ensure each phase includes three key components.

#### Readiness Assessment

It's important to gather the data that will let you assess your institution's organizational readiness to move to the next platform on the retirement plan continuum. Data may include information about current vendors, legacy vendors, investments, plan design, current plan objectives, ideal plan objectives, current technological capabilities and changes that may be necessary within the organizational environment.

Most plan sponsors now work with their plan consultants to fully evaluate their readiness to move along the path to sole recordkeeping. This is necessary because the sales priorities of many service providers may conflict with the sponsor's ability to take advantage of the new services available under a sole recordkeeping solution. The Readiness Assessment is a critical first step in objectively analyzing the best path forward for the plan sponsor and its employees.

To learn what you can do to help employees get to and through retirement, check out [Prepared for a lifetime: managing your plan for retirement readiness](#).

#### Plan Analysis & Recommendation

Based on an analysis of the specific plan data gathered during the Assessment step, you, your consultant and your provider can develop a customized path that includes short and long-term steps to move your institution to the next point on the retirement plan continuum.

#### Plan Change Implementation

Once the data capture, analysis and recommendation steps are complete you can begin to establish your implementation plan for moving to the next recordkeeping platform on your journey. The key to a successful conversion is to set appropriate expectations within the organization about the time and many decisions involved. The mechanics of the conversion revolve largely around data exchange, and the process of extracting, merging and validating data requires thoughtful planning and clear communication among the sponsor, employees and the plan provider or advisors.

Remember, too, that the conversion provides an excellent opportunity to review current administrative practices around issues such as eligibility, vesting or how you monitor compliance. The conversion is an ideal time to ensure that the way you administer your plan is in line with plan documents and fully supports your fiduciary responsibilities.

This is a general overview of how to undertake a phased conversion to a sole recordkeeping platform. While the process is complex, the move to sole recordkeeping can provide major benefits to your institution, including administrative efficiency; streamlined investment options and oversight; lower costs; comprehensive reporting; a simplified end-to-end employee experience; and more positive, measurable employee outcomes.

For more details about how you can begin this journey, or to learn more about the benefits of a sole recordkeeping platform, please contact your relationship manager or plan consultant.

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