The Complete Guide to Switching 401(k) Providers

A strategic roadmap for evaluating your current plan, navigating a smooth conversion, and avoiding common mistakes.

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WHAT'S INSIDE

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Why Businesses Change 401(k) Providers

Many businesses don't switch providers because one single thing has gone wrong. They switch because their business has evolved, and they realize that what worked for them before, from pricing to features, may no longer meet their needs.

Common reasons businesses consider a conversion:

- Rising costs and administrative fees
- Asset-based pricing that increases as balances grow
- Limited payroll provider flexibility
- Payroll integration challenges
- Poor participant experience
- Insufficient support from service teams
- Increasing compliance responsibilities
- Desire for additional fiduciary support like 3(16) or 3(38) services

Key Takeaway: A 401(k) doesn't have to be broken for you to consider a conversion. It's about ensuring your retirement program continues to support and enhance your business goals.

5 Signs It May Be Time to Switch Providers

1. **Your fees may be increasing**

   Some providers charge fees based on plan assets, also known as assets under management (AUM) fees. As employee balances grow, costs may increase as well.

2. **Payroll is driving your retirement plan decisions**

   Your retirement plan should support your payroll system, not limit your payroll options. This is where a payroll-agnostic provider model can come in handy.

3. **Administration is taking too much time**

   Managing notices, compliance requirements, employee questions, and reporting can take up too much time and create major administrative burdens.

4. **Employees struggle to engage**

   A difficult employee experience can negatively impact enrollment, contribution rates, and overall satisfaction.

5. **Your plan has outgrown your provider**

   As your business evolves, you may need additional plan design flexibility, fiduciary services, or more specialized support.

What Employers Often Overlook About Their 401(k)

For many business owners, a 401(k) can feel like a "set it and forget it" benefit. In reality, a plan comes with ongoing responsibilities, especially as you grow. As your workforce changes and 401(k) regulations evolve, it's important to periodically evaluate whether your plan still fits.

Here are more key areas to review:

ERISA Needs

Under ERISA, plan fiduciaries are generally responsible to ensure fees remain reasonable for the services provided. Reviewing fees periodically can help you know if your plan is still aligned with cost.

Participant Outcomes

A retirement plan should do more than just exist. It's important to consider if employees are participating, contributing enough to meet their goals, and taking advantage of plan features. If not, there may be opportunities to improve plan design or employee education.

Plan Features & Design

Features such as Roth contributions, Mega Backdoor Roth, Safe Harbor provisions, automatic enrollment, profit sharing, and fiduciary services may help better support both your team and business objectives.

Investment Oversight

Plan sponsors are expected to select and monitor plan investments. Regularly reviewing your lineup ensures participants have access to a variety of options while keeping them aligned with your objectives.

Compliance Support

Retirement plan regulations continue to evolve, which means compliance is a moving target that you need to keep up with. If you don't, there may be costly consequences, like from the IRS.

The Benefits of Switching Providers

A well-executed conversion can create meaningful improvements for both employers and employees.

Potential benefits include:

Greater Cost Transparency

Predictable pricing structures (like flat fees) can make long-term budgeting easier and help you save more.

Improved Administrative Efficiency

Additional support reduces workloads significantly, meaning you save time and money and put the investments back into your business.

More Plan Design Flexibility

Features such as Safe Harbor provisions, Mega Backdoor Roth, and profit sharing become easier to implement.

Better Employee Experience

Modern participant tools and educational resources can improve engagement.

Increased fiduciary responsibility

Some providers offer services that help reduce administrative and compliance responsibilities, like 3(16) services.

Understanding the Conversion Process

One of the biggest misconceptions about switching providers is that it's disruptive. In reality, most conversions follow a structured process managed by experienced implementation teams.

Phase	What Happens
Evaluation	Review current plan and identify goals
Proposal & Selection	Compare providers and finalize plan design
Implementation	Gather plan documents and participant data
Asset Transfer	Existing balances move to the new platform
Employee Communication	Participants receive instructions and updates
Go Live	Contributions begin with the new provider

What Information is Usually Needed?

- ✓ Current plan documents
- ✓ Recent participant census
- ✓ Payroll information
- ✓ Investment lineup details
- ✓ Existing provider details

Questions to Ask Before You Switch

As you evaluate potential 401(k) providers, use the questions below to compare your options and identify which solution is the best fit for your business and employees.

Pricing & Fees

- How are your fees structured?
- Are there any asset-based fees?
- Are there additional costs for conversions, compliance services, or plan amendments?

Fiduciary Support

- What fiduciary services are included?
- Do you offer 3(16) or 3(38) support?
- What responsibilities remain with the employer?

Plan Design

- What plan design options are available?
- Can the plan support Safe Harbor, profit sharing, Roth contributions, automatic enrollment, and automatic escalation?

Investments

- How are investment options selected and monitored?
- Is the investment lineup customizable?

Payroll & Technology

- How are investment options selected and monitored?
- Is the investment lineup customizable?

Participant Experience

- What tools, resources, and support are available to employees?
- How do participants access and manage their accounts?

Conversion Process

- What does the conversion timeline look like?
- What information will be required from our team?
- How are participants informed throughout the transition?

Ongoing Service

- Who will support our plan after implementation?
- What service model can we expect moving forward?

Plan Reviews

- How often do you review plans with clients?
- How do you help employers evaluate fees, plan effectiveness, and participant outcomes over time?

Your 401(k) Conversion Checklist

- ✓ Review your current fees
- ✓ Evaluate payroll flexibility
- ✓ Assess participant experience
- ✓ Identify administrative pain points
- ✓ Review available fiduciary services
- ✓ Compare investment flexibility
- ✓ Understand conversion timelines
- ✓ Request a detailed proposal
- ✓ Confirm employee communication support
- ✓ Identify any conversion-related fees

Ready to Level Up Your Current 401(k)?

If your retirement plan no longer aligns with your business needs, now may be the right time to evaluate whether a new provider (like Ubiquity) could offer better flexibility, support, or value.

Schedule a retirement plan review to find your best-fit option.

Get Started

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