



**American Funds®  
by Capital Group**

Capital Group has focused on providing superior long-term results for American Funds since 1931.

## Keep your retirement plan running smoothly with the help of a TPA.

A third-party administrator (TPA) can be one of the most important components of your company 401(k) – enabling you to focus on running your business, not your retirement plan.

### What does a TPA do?

Working in concert with your financial advisor and other service providers, a good TPA handles the day-to-day administration (and, possibly, recordkeeping tasks) associated with your plan, while helping to keep it in compliance with legal regulations set by the government.

### Five key reasons to choose a plan with a TPA

A good TPA firm can make it more convenient for you to offer your employees a company retirement plan by reducing the time and effort required on your part. TPAs add value by providing:

#### 1 | Easy and efficient plan administration

You can make your life easier and less stressful by delegating plan administration.

Specific services may vary, but TPA support typically includes:

- Eligibility and participation requirements
- Oversight of payroll submissions
- Participant loan authorization and tracking
- Tracking and reporting of outside assets (brokerage accounts, real estate, etc.)
- Verification of vesting for participant distributions
- Education meeting support

Central to the services that TPA firms can offer is a single point of contact through a dedicated relationship manager who's familiar with your company and your plan.

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**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

For financial professionals, third-party administrators and institutional consultants only. Use of this single sheet is subject to approval by your home office.

## 2 | Experience and knowledge of retirement plan business

The retirement plan industry isn't only complex, it's constantly evolving. By working with a TPA, you have the opportunity to engage a provider that keeps on top of the current laws and regulations governing your plan. Generally, TPAs will:

- Have employees with advanced training and the certifications needed to serve complex plans
- Help you reduce your fiduciary liability as a plan sponsor
- Reduce the potential for penalties, helping to ensure that your plan is in compliance with the latest legal requirements set by the Internal Revenue Service (IRS) and the Department of Labor (DOL)
- Act on your behalf in the event of an IRS, DOL or independent audit
- Assist with plan mergers and acquisitions

## 3 | Customized plan design

Since TPAs are independent, TPAs can act in the best interest of your plan. Whether you're starting your first retirement plan or moving your current plan to a new provider, a TPA will help you:

- Choose the right type of plan for your needs – such as a 401(k), 403(b), defined benefit or cash balance plan
- Customize a plan design to your goals (maximize business owner contributions, optimize tax deductions, match employee contributions to improve participation, etc.)
- Develop and maintain your plan document
- Monitor your plan and recommend future improvements to its design in order to maximize tax benefits and better align the plan with your company's goals

## 4 | Worry-free reporting and testing

Qualified retirement plans must file certain forms and reports with the IRS and the DOL and also send out notices to plan participants. This can be overwhelming

to the plan sponsor since the requirements vary depending on the type of plan and its circumstances. Fortunately, a TPA can handle these tasks, which include:

- Annual data collection and census data scrubbing
- Identification of highly compensated employees
- Form 5500 reporting
- Compliance testing and related services
- Coverage testing for owners of multiple businesses
- Retirement plan correction programs for past filing errors
- Participant statements, required notifications and disclosure

## 5 | Good value at a reasonable cost

A good TPA can provide plan-critical services in a cost-efficient manner. For example:

- TPA fees are transparent, so you know exactly what you're paying and can determine whether that amount is reasonable
- You have flexibility in how to pay for TPA fees (for instance, they may be taken from plan assets)
- New plans may qualify for a tax credit that could offset costs
- A well-designed plan may actually reduce employer costs, saving the company far more in income taxes than it pays in plan contributions.

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Your advisor may recommend an American Funds retirement plan solution.

**97%** of American Funds plans include the services of a TPA (as of 12/31/17).

### Interested in hiring a TPA?

TPA firms come in a variety of sizes, each with its own array of capabilities, services and, sometimes, specialties.

**Ask your advisor for a TPA recommendation that fits the needs, tax objectives and goals of your company.**

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Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

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