# Payroll Data: The Source of Plan Errors

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Can plan sponsors really ensure their payroll data is 100% error free?

## The Good News: Error-free Payroll Data = Error-free Retirement Plan

It's been well documented that one of the core components of successful plan administration is assuring that you're working with complete and accurate payroll data. Most retirement plan errors are the result of payroll errors. Thus, if your payroll data is 100% accurate, your retirement plan will run error-free.

## The Bad News: Payroll Data Errors are Incredibly Common

Many plan sponsors assume their payroll data is correct. Yet the IRS and DOL find errors in many of the plan audits they conduct. They have also determined that the necessary internal controls to prevent these errors do not exist in most plans. Unfortunately, the topic of payroll data integrity rarely comes up in a sales presentation.

## More Good News: A New Model

Accurate payroll data ensures that the plan is managed consistent with the plan document and prevents these costly consequences. Seeing the problem, we set out to design and automate a process for checking the integrity of data. I'm happy to say we succeeded!

Through our data integrity check process, we find errors, big and small, in nearly 75% of payroll data files submitted to us. A few examples of categories we check include sources of contributions, census data integrity, eligibility calculations and confirmations, ongoing loan activity and monitoring, and vesting confirmations. We work with plan sponsors to solve these errors, making sure the data used in the payroll, HR, and recordkeeper systems is correct.

Our proprietary software also allows us to quickly run these checks whether a plan has 2 or 200,000 participants. In addition, it produces a report that details the actions we've taken and the errors we've corrected. The system reads data on a per payroll basis and compares the data to the plan provisions. It checks over 150 data points, including census information and financial information. This ensures compliance with the plan document and integrity of the data.

Depending on the size of the payroll file, the platform can dramatically decrease payroll analysis time and eliminate human error. This has proven to be especially valuable to larger employers.

## Conclusion

Payroll data accuracy is an important issue to be aware of when administering a retirement plan. Why? Because accurate payroll data leads to accurate retirement plan administration, and that means lower costs and less wasted time.

Ensuring accuracy without the help of a service provider who knows what they're doing is typically not realistic for plan sponsors, though. Looking for help? We're ready and can solve this issue. If you are investigating other 3(16) fiduciary service providers, ask them how they can solve this issue, too.