

WHY A TPA IS THE SMART WAY TO GO

A good TPA guides the way through complicated laws on health care and retirement

BY ZANE DALAL



Zane Dalal is executive vice president at Benefit Programs Administration (BPA), an experienced Southern California TPA serving the Taft-Hartley industry since 1948.

If you're reading this article, the chances are you're getting benefits—or have the right to future benefits—from your local union trust fund or other trust. Under law, a trust remains the best vehicle for depositing, managing and distributing money, and there are very precise structures associated with its management. Those measures are provided for your safety.

But have you ever wondered how and why all of that is put together in a trust fund, instead of, say, a bank account such as a household or business would use? There are many great reasons for having a trust fund of invested money set aside for the benefit of employees, but the primary reason is that in most cases that money is tax deferred or tax free. In the 1930s, the Internal Revenue Service made special tax-free provisions for money that would be used directly for employee benefits, knowing that this investment would boost the economy and bolster a newly emerging middle class. This money, usually withdrawn from your salary, contributed by your employer, or a mix of the two, can grow to a value considerably higher than the contribution itself.

With this tax-preferred status, the IRS created a rulebook on how every detail of the fund would work. These rules outline how the money would be collected, how it would be banked and invested, and how and when it would be distributed. If you didn't follow these rules, you could lose that valuable tax-exempt status, and upend the whole deal. The Department of Labor was called on to police the operational side of things.

Since the 1940s, there have been more than 600 pieces of legislation regarding employee benefits. You'll recognize some of the big ones as terminology in handouts and websites about benefits: ERISA, COBRA, HIPAA, FMLA, USERRA, PPA, ACA. The list goes on and on. Even as recently as this spring, Congress attempted to overhaul retirement policies with the SECURE Act and RESA.

Almost every time Congress convenes, it adds or amends legislation, making it a very complex task to keep up and keep ahead with new benefits policies. Neither Congress nor the courts provide clear direction on how to manage benefit funds.

“IT'S A VERY COMPLEX TASK TO KEEP UP WITH NEW BENEFITS POLICIES.”

That's what working with a third party administrator involves: making sure the contributions you've put aside are safe and making sure that they will be there when your benefits are due.

The funds that supply you with ben-

efits, whether health care or retirement, are managed by elected Trustees, who serve a term in office. This is for your safety and for the impartial, proper fiduciary management of your money. There is nothing that trustees take more seriously.

It is likely that your trustees have turned to a third-party administrator (TPA) to manage this very complex administration. It's the wisest thing to do. Employers and employees alike need people who understand the business, have grown with and shaped the business from the very beginning and can meet the technological needs of a modern workforce.

You want to be able to sign in to your member login anytime, whether you're on your break on a construction site, or whether you're home making sure your family is covered. You want to know that your trust is placed in the right hands. Benefit Programs Administration (BPA) has been leading the industry since 1948. Local to Southern California, we know three important things: We know the benefits industry; we know how to evolve in a changing landscape; and most important, we know you—and how to put you and your family first, no matter what.

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