

BPAS Vertical Integration: The Ultimate Solution for DC Plans



What Does Vertical Integration Mean to Your Plan?

There are hundreds of firms that offer daily valuation services--independent TPAs, banks, accounting firms, and advisory practices. In any daily valuation program, there are essentially four services being delivered: Recordkeeping, Administration (also called TPA services), clearing services, and custodial services. Below is a brief summary of core services and who usually provides them.

	Typical TPA	BPAS
Recordkeeping	Provided by TPA (or by recordkeeping only platform)	Provided by BPAS
Administration (TPA Services)	Provided by TPA	Provided by BPAS
Clearing Services	Provided by outside clearing link (e.g., Matrix, Schwab, Fidelity, Mid Atlantic, TD, etc.)	Provided by BPAS*
Custodial or Directed Trustee Services	Provided by outside custodian (must be a bank, can be any of many firms)	Provided by BPAS*

**Clearing and custodial services are provided by Hand Benefits and Trust, a BPAS company. These functions are handled in our Utica office through an intra-company delegation agreement by trust department employees.*

Eliminate out-of-balance situations, delays, and errors in your plan administration

In any daily valuation program, every penny of plan assets must be accounted for each day to ensure participants receive the correct benefits. In a tri-party service model (where different firms provide recordkeeping, clearing and custody), discrepancies can arise on transactions. These discrepancies can affect new contributions, loans, distributions, and even ordinary activity like dividends, income and capital gains.

At BPAS, **our vertically integrated service model eliminates transaction discrepancies.** BPAS acts as recordkeeper, administrator, clearing firm, and asset custodian under one roof. Using a single administrative system (Sungard OmniDC), instead of a bifurcated plan versus trust model, we've successfully removed the out-of-balance situations, delays, and errors that typically come with tri-party services.

In 1997, when we entered the daily valuation business, we had the foresight to become a direct settling bank on the NSCC platform using our trust charter. As a result, plan sponsors and auditors are seeing benefits like smooth daily administration, fewer problems and errors, and a streamlined audit process (for plans subject to audit). We know what we're doing. But, our customers say it best:

"We didn't realize how many problems we'd solve with the BPAS vertically integrated model. We're so glad we switched to BPAS."



The Advantages Stack Up

"It was one of the cleanest audits we've ever conducted. **We are big fans of the BPAS platform** and how it simplifies our audit process. Employers appreciate it too." – Caron and Bletzer, LLP

	Typical Daily Valuation Program	BPAS
New contribution process	Funds wired to custodian, data sent to recordkeeper. Funds normally held in uninvested cash until recordkeeper is able to trade (1-2 business days)	"Data first, money second." Census data uploaded, BPAS performs extensive edit checks, notifies employer of correct amounts to be traded by source. Employer approves file, BPAS makes trades with fund families and ACH-pulls settlement funds next business day.
Audit for incoming contributions	Basic edit checks before funds are traded; errors corrected later through "negative contributions" (e.g., incorrect loan payments, ineligible deferral due to hardship, ineligible match contributions)	Negative contributions eliminated. 15+ edit checks performed to correct errors before trade. BPAS notifies employer of correct amounts to be traded by source, and any corrections.
Plan-to-trust reconciliation	Plan and trust reconciled daily. When plan and trust are out of balance, difference must be identified and accounted for.	Eliminated. The BPAS OmniDC system manages recordkeeping AND trust accounts simultaneously
Uninvested cash (on incoming contributions)	Occurs when employer transmits funds to custodian, but recordkeeper is not ready to trade. Incorrect ACH push often creates delays as funding is corrected.	Eliminated. BPAS trades directly with fund families after employer approves ACH verification; BPAS makes trades with fund families and ACH-pulls settlement funds next business day.
Uninvested cash (outgoing distributions)	Loan, hardship, and distribution checks considered "plan trust cash" until checks clear. Must be accounted for and reconciled daily.	"Plan trust cash" eliminated. Amounts are "trust department cash" until loan and distribution checks are cleared. (A disclosed component of BPAS service agreement, not a plan level asset)
Position and reconciliation process	Handled between custodian and recordkeeper.	Simple. Handled through Delta Data™ software, managed by BPAS trust team. BPAS audits all positions daily against NSCC position files; discrepancies are quickly researched and corrected,
Certified trust statements	Must pay custodian additional fee for certified trust statements (typically \$500 or \$1,000/year/plan)	Included. Certified trust statements provided to all plans automatically at no additional cost
SSAE 16 audit report	Recordkeeper, clearing firm, and custodian must each have SSAE 16 to support limited scope audit	Single SSAE 16. Covers plan and trust (major advantage during audit process). BPAS certified audit package gives auditor everything needed to conduct audit in one secure link.



Ready to learn more? Let's talk.

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