

Keeping Your Plan Data Safe

11 Cybersecurity Questions to Ask Your 401(k) Service Partners

Cybersecurity is a critical but often overlooked aspect of a plan sponsor's fiduciary responsibility. In simple terms, cybersecurity means protecting sensitive plan and participant data — and by extension, your participants' financial well-being and retirement security — against attacks from hackers and cyber criminals.

Here are some key questions that you should be asking your 401(k) service providers: ^{1,2}

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| 01 What are your procedures for dealing with cyber security threats and protecting participants' personal information? | 02 Do you conduct periodic risk assessments to identify vulnerabilities to cybersecurity threats and the impact of potential disruptions? | 03 Do you conduct an annual, independent assessment of your cybersecurity systems and policies? |
| 04 Can you describe how plan and participant data is encrypted (census upload, enrollment, payroll uploads, transfers, and other data exchange policies)? | 05 How do you store, retain, and destroy sensitive data? | 06 Does your company outsource any services to a subcontractor? If yes, what controls are in place to protect our company's sensitive data? |
| 07 Do you have a privacy and security policy, and does the policy apply to personally identifiable information of retirement plan clients? | 08 Does your business continuity and disaster recovery plan include the recovery of an employer's data after a breach? | 09 What are your procedures for notifying us of a system breach? |
| 10 Does your company carry cybersecurity insurance? If yes, can you provide an overview of the coverage (including all limitations)? | 11 Has your company experienced any security breaches? If yes, explain. | |

Cyber security concerns us all.

Whether you are a small business owner or the CEO of a Fortune 100 company, ask your 401(k) service providers these questions and document their responses, because knowing what could cause a data breach is the first step in preventing one.



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1. Berry Dunn Wealth Management. "401(k) Cybersecurity Questions That Plan Sponsors Should Be Asking." 2019.

2. 401khelpcenter.com "401k Service Providers and Cybersecurity: Questions to Ask."

This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements, and you should consult your attorney or tax advisor for guidance on your specific situation.

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