

Keeping Your Plan Data Safe

11 CYBERSECURITY QUESTIONS to Ask Your 401(k) Service Partners

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

01. What are your procedures for dealing with cybersecurity threats and protecting participants' personal information?

02. Do you conduct periodic risk assessments to identify vulnerabilities to cybersecurity threats and the impact of potential business 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?

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.

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.

Cybersecurity 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.

Columbus
535 Metro Place South, Suite 100
Dublin, OH 43017

Dayton
2 Prestige Place, Suite 130
Miamisburg, OH 45342

✉ info@everhartadvisors.com

☎ 614-717-9705 or 844-GOT-401K (468-4015)

🌐 everhartadvisors.com

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."

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