

FROM THE CEO

Milestones for labor, and BeneSys too



by Ed Wolyniec, CEO

This summer has been a hot one! My thoughts go out to our clients and their members, especially those in the construction trades and all who work outdoors, including those who are bringing the Gordy Howe International Bridge to completion.

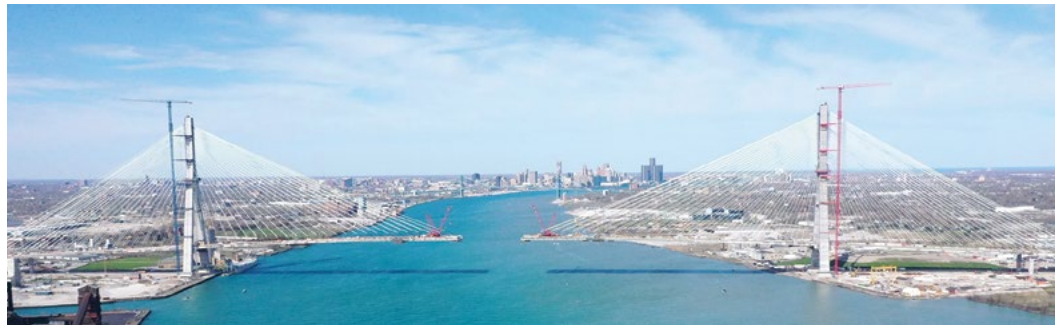
The bridge is a new link between Detroit and Windsor, Ontario, at what is regularly the busiest border crossing in North America. It's also a work of art and a great addition to the skyline. Kudos to all the trades taking the bridge from plan to reality. BeneSys is proud to count a number of you as clients, including Bricklayers & Allied Craftworkers Local 2, Iron Workers Local Union 25, Laborers Local 1191, Michigan Regional Council of Carpenters and Millwrights, Operating Engineers Local 324,

Pipefitters Local 636 and Plumbers Local 98.

It's Labor Day time! In marking the long weekend, we should all remember the hard work of organizers and labor leaders. These are the people who have helped build America into the world leader it is.

For my annual bit of holiday trivia, did you know that per the Department of Labor, Labor Day is the third most common paid holiday in the U.S., behind Christmas and Thanksgiving? Nice to see this level of respect for a day born from the organized labor movement.

Finally, BeneSys is proud to be celebrating our 45th anniversary, and I hope you'll enjoy reading the short company history that we've put together for this edition of the *Navigator*. Thank you for your trust and loyalty. We very much appreciate the opportunity to be your third-party administrator or fund office software partner. •



Hardworking unions are bringing the Gordie Howe International Bridge to life over the Detroit River.

Celebrate with us as we turn 45!

As BeneSys marks our 45th year of dedicated service in the third-party administration space, we want to extend a big thank-you to all our clients for trusting us to serve their members. We're excited to share this milestone with you. With help from Director of Software Development and Client Liaison Don Herman, one of our longest-serving

employees, we've compiled a brief history, including some fun anecdotes. Enjoy — and thanks for being a part of BeneSys history!

From tech to TPA

BeneSys began as SysTron Fringe Benefit Systems in 1979 and became BeneSys in the mid-1990s. "When the company was being renamed, employ-



The first BeneSys office was a former drapery cleaning building (left), with 25-foot ceilings in the back.



Join our anniversary festivities at IFEBP
BeneSys looks forward to celebrating our 45th anniversary at the International Foundation of Employee Benefit Plans conference Nov. 10–13 in San Diego. Stop by booth 224 and join us!

ees were invited to submit suggestions,” says Don. “BeneSys is Benefit + Systems.”

Our first office was a former drapery cleaning business in Roseville, Michigan. We shared the building with American Graphics Printing, a company we still work with today.

BeneSys started with seven people in that one office (we now count more than 900 employees in 30-plus offices around the country), and we offered only computer services, including programming, data entry and production runs. Production runs would take a whole weekend (we can now complete them in a matter of hours), and “employees would have to go check on the job a few times over the weekend to make sure it was still running,” Don says.

In 1986, BeneSys began offering computer services plus third-party administrative services. We hired additional employees and moved into different office spaces to accommodate the growth. “We did all of the office moves and installs ourselves,” Don recalls, “renting moving equipment and even using my truck.”

The next big change came in 2004, when we opened our West Coast headquarters in

San Ramon, California, and began expanding our services to clients across the country. The following year we moved our Michigan operations to our current headquarters in Troy. One year later saw the development of our Benefit-Driven software, a hallmark of the services we provide today.

The 2020s so far have focused on technology, with BeneSys acquiring Beacon Technologies Group in 2021 and integrating Beacon’s premier claims processing software, SpyGlass, with BenefitDriven. This year, BeneSys is rolling out a new participant portal and mobile app.

One thing that hasn’t changed during the past 45 years: The BeneSys team remains dedicated to serving trustees, members and employers by providing exceptional benefit services.

Longtime clients

BeneSys, through acquisitions, has client relationships that began shortly after the Taft-Hartley Act was created in 1947. Our longest client relationship spans nearly 70 years, since 1955. We are proud to note that we have 20-plus-year relationships with 30 of

our clients, encompassing more than 100 funds.

Longtime TPAs in the BeneSys family

Over the years we have welcomed many new clients, but we’ve also grown by adding other TPAs to the BeneSys family: A&I in Oregon, BPA in Wisconsin, Carday in Maryland, CPI in Ohio and Fringe Benefit Systems in Colorado. These companies also have long histories in the business (A&I, Carday and CPI have over 60 years).

Longtime employees

- 42 years:** Art Hedger, software programmer
- 40 years:** Don Herman, director of Software Development and client liaison
- 40 years:** Gerhard Weiss, solutions architect

Raising the bar

Technology’s come a long way since the early days of BeneSys. Back then, systems and hard drives were slow, disk space was at a premium, and completing tasks like annual pension calculations could take two to four days for larger clients. Big jobs were often run on weekends, which meant employees had



After expanding west in 2004, we moved into our current West Coast headquarters in Pleasanton, California (above), in 2011.

to come in every few hours to check on progress.

“This was in our younger days, when we were in our mid-20s, so we would go to a bar nearby and take turns going back to the office,” remembers Don. “Of course that was *not* very well liked because it interfered with our time at the bar, so we developed our batch processing system, which allowed us to group all the programs needed for a process into a batch. The system would then run each program one after the other as long as they finished successfully. It’s still being used today. It’s amazing the accomplishments you can make when you’re driven!”

Late nights, tall orders

The first BeneSys office was a former drapery cleaning building, which had a front

office and 25-foot ceilings in the back for hanging the drapes. It wasn’t a particularly attractive building, and the office had very old, wrinkled carpeting filled with holes. “When working on weekends or late nights and waiting for jobs to finish so we could start the next one, we would have putting contests from hole to hole,” says Don. “We probably had a 9-hole course!”

The early BeneSys team took it upon themselves to try to spruce the place up. The exterior paint on the left side of the building was peeling off and “looked terrible,” Don recalls. “We bought paint and brushes and painted it ourselves. To paint the tall part in the back, we taped together multiple broom handles, connected them to a roller paint brush, got up on the

roof, laid on our stomachs and reached over the sides, going hand over hand rolling the paint up and down the walls.”

Built for the future

From those humble beginnings rose a company whose goal, as CEO Ed Wolyniec says often, is to be the best TPA in the business. “Our heritage as a software company is still evident today in our continued commitment to maintaining and enhancing our technology offerings,” says Ed. “It was not long after our founding that we began to provide administrative services at the request of our clients, and this started a theme that also continues today. We try to be as flexible as possible in meeting our clients’ needs, solving their problems, and doing our best for the trusts and members we serve.” •

Recognizing exceptional BeneSys employees

EMPLOYEE SPOTLIGHT: Amy Davis, regional operations director

Who: Amy Davis, recently promoted to regional operations director for St. Louis and Omaha.



Why she stands out: “Amy’s ability to build strong relationships and foster a collaborative environment is exceptional,” says Senior Vice President of Operations Dayna Thorman. “Her dedication to our clients, members and staff, coupled with her drive for excellence, makes her an invaluable asset to our team.”

History at BeneSys: Amy started in April 2005 as the office assistant in one of

our first regional offices, located in Bridgeton, Missouri. “In August of that year, I moved into Contributions, which I loved. In my position there was a lot of focus on collections and withdrawal liability, so I learned a lot about the responsibilities of the trustees. In 2010, I briefly processed applications for defined benefit and defined contribution funds before I was promoted to office supervisor / plan associate for our Bridgeton office. In late 2017, I was promoted to assistant regional manager for our St. Louis region, which expanded my role to both of our St. Louis offices and Omaha. Mostly recently, my role grew again, to regional operations director for the St. Louis and Omaha locations.”

Work values:

“I have found that the proverb ‘honesty is the best policy’ is one of the truest statements. If you conduct yourself with honesty and integrity, you reduce the stress in your life, and most people will respect that. Also, every mistake is an opportunity to learn and gain experience. It’s important to share that experience so everyone can learn together.”



Hobbies outside of work: “I enjoy local theater, especially musicals; traveling to the beach; and experiencing local fairs and festivals.” •

As ERISA turns 50, proxy voting by union plans faces scrutiny

by Tom Shaevsky, General Counsel



Tom Shaevsky is general counsel at BeneSys Inc. He has spent nearly 25 years practicing ERISA / employee benefits law.

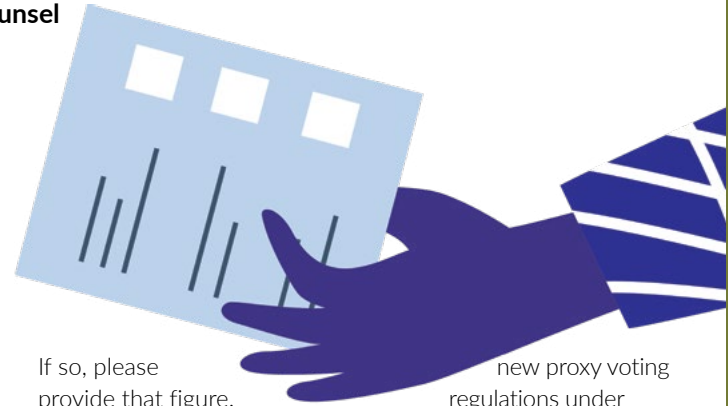
Happy 50th Birthday, ERISA! President Gerald R. Ford (the only president hailing from the state of Michigan) signed the Employee Retirement Income Security Act into law on Labor Day 1974. Just five years later BeneSys was born. Thank you all for the trust you have placed in the BeneSys team during the past 45 years.

Ever since ERISA's enactment (and even before its passage), benefits for union members have been a focus of congressional attention.

In late May, U.S. House of Representatives Education and the Workforce Committee Chairwoman Virginia Foxx sent letters to the presidents of the International Brotherhood of Teamsters, the AFL-CIO and the Service Employees International Union requesting responses regarding their respective unions' attempts to (according to Foxx) leverage pension plan holdings to engage in shareholder proxy voting activism.

Foxx posed a number of questions to the union presidents, which included:

- Does your union have mechanisms in place to determine how much money is expended on its shareholder activism, proxy voting or other activities to influence shareholder meetings?



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If so, please provide that figure.

- Does your union have any mechanisms in place to calculate the financial benefits of its shareholder activism, proxy voting or other activities to influence shareholder meetings? If so, please provide the results of that analysis.
- When your union uses stock held as a union pension plan asset to engage in proxy voting, does your union consider the potential impact a proxy vote can have on financial health of the union's pension plan? If so, please explain how.
- What expenses has your union incurred in its shareholder activism activities? What is the source of funds for these expenses? Have pension plan assets been used to fund any of these expenses?

Framing the topic in a regulatory context may be helpful. In December 2022 the Department of Labor (DOL) issued

new proxy voting regulations under

ERISA that generally became effective January 30, 2023 (with a delayed effective date of December 1, 2023, for certain provisions). The rules do not apply to voting rights that are passed through to participants in section 401(k) or profit sharing plans. Many commentators interpret the regulations (summarized below) as a "principles" based approach, as the rules neither promote nor prohibit the inclusion of environmental, social and governance (ESG) consideration. Significantly, the preamble to the final regulations states that when a plan fiduciary exercises voting authority, a violation under the rules "would not occur merely because stakeholders other than the plan would potentially benefit along with the investing plan."

DOL Regulation 2550.404a-1(d) provides that the fiduciary duty under ERISA to manage plan assets includes the right to vote proxies.

When deciding whether to

The weight given to any investment factor by a fiduciary should appropriately reflect a reasonable assessment of its impact on risk-return.

LEADERSHIP

New CIO moves in, 4 leaders move up

BeneSys is pleased to announce the following recent organizational changes:

- **Jason Wolan** has joined our leadership team as chief information officer.
- **Dayna Thorman** has been promoted to senior vice president of operations, overseeing Member Services, Eligibility, Claims, Client Implementation and Retirement Plan Services.
- **Amy Davis** has been promoted to regional operations director, overseeing our two St. Louis area locations and our Omaha office. Read more about Amy on page 3.
- **Desiree Eaton** has been promoted to vice president of Plan Management, with executive oversight for all clients in Pleasanton, San Francisco and Livermore, California.
- **Joe Krajacic** has been promoted to national director of Retirement Plan Services, overseeing all of our defined benefit and defined contribution clients.

vote proxies, fiduciaries must carry out their duties prudently and solely in the interests of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and beneficiaries and defraying the reasonable expenses of administering the plan.

When deciding whether to vote proxies, plan fiduciaries must:

- **Act** solely in accordance with the economic interest of the plan and its participants and beneficiaries, in a manner consistent with the DOL's rules pertaining to investment decisions. The DOL investment regulation states that a fiduciary's determination with respect to an investment must be based on factors that the fiduciary reasonably determines are relevant to a risk and return analysis, using appropriate investment horizons consistent with the plan's investment objectives and taking into account the funding policy of the plan. Significantly, the DOL regulation states that risk and return factors may include the economic effects of climate change and other ESG factors on the particular investment or investment course of action. Whether any particular con-

sideration is a risk-return factor depends on the individual facts and circumstances. The weight given to any factor by a fiduciary should appropriately reflect a reasonable assessment of its impact on risk-return.

- **Consider** any costs involved.
- **Not subordinate** the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to any other objective (for example, ESG consideration cannot supersede economic or pecuniary interests of plan participants).
- **Evaluate** relevant facts that form the basis for any particular proxy vote or other exercise of shareholder rights.
- **Exercise** prudence and diligence in the selection and monitoring of any service providers selected to exercise or otherwise advise on or assist with exercises of proxy voting rights, such as providing research and analysis, recommendations regarding proxy votes, administrative services with voting proxies, and recordkeeping and reporting services.

A fiduciary may not adopt a practice of following the recommendations of a proxy advisory firm or other service

provider without a determination that such firm or service provider's proxy voting guidelines are consistent with the fiduciary's obligations described above. Effective oversight of a proxy voting service provider is crucial. A lawsuit was filed in Texas against American Airlines for its failure to do so when the service provider utilized ESG factors (*Spence v. American Airlines Inc.*).

The regulations allow fiduciaries to adopt proxy voting policies providing that the authority to vote a proxy is exercised pursuant to specific parameters prudently designed to serve the plan's interests in providing benefits to participants and defraying reasonable expenses. Plan fiduciaries must periodically review these policies. Further, the policies cannot prevent a proxy vote when the fiduciary prudently determines that the matter being voted upon is expected to have a significant effect on the value of the investment or the investment performance of the plan's portfolio (after taking into account the costs involved).

Takeaway: Adhering to the DOL's recent regulatory guidance can be helpful when a plan experiences regulatory or congressional inquiries. •

This article is provided for informational purposes only and does not constitute legal advice. Readers should consult with their own legal counsel before acting on any of the information presented.

Implement with confidence



Beacon Technologies Group, a leading provider of health claims management solutions, including SpyGlass, is part of the BeneSys family of companies.

Transitioning to a new claims system can be challenging and represents one of the most significant projects for a healthcare payer. Conversion entails much more than data format and structure; conversion must consider each client's business needs, timing considerations and implementation philosophy.

Our Beacon team has built proven frameworks, methodologies, SpyGlass software tools and best practices to ensure a smooth and efficient transition and go-live experience. Our proprietary technology for data transformation and validation, in addition to our full commitment to producing a high-quality result, allows our clients to implement confidently with extensive visibility along the way.

SpyGlass includes a powerful and flexible Data Transformation Tool that helps to map and migrate critical historical data into the system. By building an import map, our team can accommodate the formats and specifications required to load legacy system data. In addition to supporting conversion, business users can use this tool to export data from SpyGlass to help populate data warehouses regularly and automatically, feed other systems, or take in data from trading partners — all without the need for programming.

Once historical data is loaded into SpyGlass, our Data Validation Tool helps to identify areas

Conversion to a new claims system must consider each client's business needs, timing considerations and implementation philosophy.

that need attention, strengthening the usability and accuracy of collected historical data. This functionality fills the gap, performing hundreds of data validation checks to ensure referential integrity on the incoming files. It also helps to avoid things like orphan records, missing required fields, etc.

As part of the implementation process, our dedicated team of conversion specialists designs a collaborative process to reflect our clients' needs, specific conversion goals and implementation philosophy to ensure successful execution.

At Beacon, we are proud to provide our clients with the insight and technology they need to succeed. To learn more, contact us today at marketing@beaconspyglass.com or visit www.beaconspyglass.com. •

ABOUT BENESYS

BeneSys has been providing Taft-Hartley trust fund administration and IT services since 1979. Our dedicated specialists understand the nuances of Taft-Hartley benefit plans, and our software system, BenefitDriven, is designed to give our clients and their plan Participants the most efficient tools for self-administering trust fund accounts.

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