

Atlanta, GA  
Kurt Dermody  
404.398.1161

Atlanta, GA  
Shannon Hayes  
770.490.0691

Denver, CO  
Stacy Eaton  
303.945.9037

Littleton, CO  
Miley Betts  
720.348.9600

New Orleans, LA  
Joseph Van Valen  
985.276.2005

Portland, OR  
Wendy Fuller  
503.577.3041

Seattle, WA  
Kurt Oswell  
206.729.9440

Tualatin, OR  
Todd Farmer  
503.885.0505

## Farmer & Betts is a fee-based, third party pension administration firm.

We specialize in quality plan administration with local service at a reasonable cost. We do not provide investment or insurance services.

Our company consistently focuses on the quality and value of our service, and we are grateful for the many Advisors and Accountants who have entrusted us with their clients.

Our local consultants are strategically placed to service our 3,000 plans. We have offices in California, Colorado, Georgia, Louisiana, Oregon, & Washington.

### *401(k) Fees Remain Competitive*

**Plan document:** \$1250 + \$10 per participant  
(Owner only \$750 / takeover no charge)

**Administration:** \$1250 + \$30 per participant  
(Owner only \$750)



### *Top Providers*

Numerous national investment companies and broker dealers have screened and accepted Farmer & Betts onto their preferred list of service providers. We can work with many investment companies, some examples include: *American Funds, Ascensus, Aspire, Fidelity, Great West, Guardian, VOYA (ING), John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, Nationwide, Principal, and Transamerica.*

### *Pending Deadlines*

- October 1, 2014:** To establish a new 2014 Safe Harbor plan.
- November 1, 2014:** Existing SIMPLE plans who want to convert to 401(k) for 2015 must notify employees and SIMPLE provider.
- December 1, 2014:** To add a Safe Harbor option for 2015 to an existing 401(k).
- December 31, 2014:** To establish a new 2014 401(k) or Defined Benefit Plan.

### *Regulatory Update*

2014 has brought only minor changes to the retirement plan regulatory landscape. The President's budget was largely a repeat of the previous years, which included some aggressive caps on deductions, but due to the gridlock in Congress, there is not an expectation of implementation into law. The President announced MyRA during the 2014 State of the Union, and the program is currently waiting for guidance from the IRS & DOL, along with a search for companies who will administer the accounts.

One of the DOL's top initiatives is "retirement readiness", and they plan to require more detail on Benefit Statements, 408(b)(2) disclosures and QDIA disclosures. The DOL recently released a bulletin on locating missing participants and a pilot amnesty program for owner only plans (ends April 2015). The IRS has opened their required restatement period for all DC plans, and employers should expect their DC plans to be restated by April 30, 2016 (see next page for more detail).

## *ERISA & PBGC Turn 40*

The Employee Retirement Income Security Act of 1974 celebrates its 40th anniversary. It was signed into law by President Ford on September 2, 1974 – Labor Day.



ERISA can trace its foundations back to the Studebaker-Packard Corporation in 1963 when it closed its Indiana automobile plant. Soon afterwards their plan was found to be seriously underfunded and left thousands of workers with little or no benefits. This drew national media attention to the need for pension reform.

ERISA's little brother – the PBGC (Pension Benefit Guaranty Corporation) was created along with it. The PBGC was created to provide Federal protection for underfunded pension plans. The first days of the PBGC were a scramble as they were met with 200 urgent cases before they even set up their offices and it hasn't stopped since.

## *Cash Balance Plans Still Popular*

DB/DC Combination plans as well as Cash Balance plans remain impactful. Though a subset, the term "Cash Balance" is occasionally used as a generic term for different types of DB Combination plans, which are designed to allow owners to make large contributions.

Using a simple rule of thumb: "The 40-50-5 Rule", Advisors can lead clients into these cutting-edge plan designs. Flag any employer age 40+, who would like to contribute in excess of \$50,000 and would consider at least a 5% company contribution to eligible employees, allowing for either:

DB/DC Combination Plans – enable older owners to receive deductions over \$200,000 in a Defined Benefit Plan. The employees receive a classic 401(k) Profit Sharing Plan contribution;

Cash Balance Plans – show employees what is being contributed into the plan for each participant and what could be paid out upon termination. We receive all sorts of unusual requests from clients and advisors, and often surprise them when we are able to figure out a customized solution.

## *Our Answers May Surprise You Too*

Real client question: We are trying to attract a particular person to come work for us. Their current employer offers a generous match in the retirement plan. Is there a way we can offer a similar match in our 401(k) plan just for that individual? The employee's compensation would be about \$70,000 per year.

Our answer surprised the client, but we said yes, with proper planning, they can do it. Some discrimination in retirement plans is allowed, if it is not in favor of highly-compensated employees.

In this circumstance, before the person is hired, we are able to do a custom amendment to the plan document to make it clear that the only person eligible for the match was going to be the new hire, and put other match provisions in place to ensure the contribution works the way the client wanted. Farmer & Betts knowledge and expertise was able to help the client offer the benefit package needed attract the talent they wanted.

## *PPA Restatements Began this Year*

As various tax laws are passed, employers are required to operate under the new rules with their documents appropriately amended. Every 6 years, unless extended, the IRS requires plans to be completely restated to a new document. We are in that "restatement" period now. The IRS has given Defined Contribution plan sponsors until April 30, 2016 to adopt a PPA restated document.

At F&B, we can prepare design proposals and our restatement fees are competitive, allowing Advisors to capture more of this business.

## *Continuing Education Seminar*

We have barely scratched the surface of what new laws hold! Please see the attached invitation to our free seminar. Our seminars include continuing education credits for CPAs, CFPs & Insurance. An invitation is enclosed, and available at:

[www.fbpension.com/seminars](http://www.fbpension.com/seminars).

*The information contained herein should not be acted upon without professional advice.*