

## Pension Consulting

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## *Farmer & Betts* is a fee only, 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.

As ERISA experts, we help employers meet their fiduciary obligations through our ongoing consultative process and advanced reporting. In addition, we work directly with independent investment advisors, many of whom will engage with employers as fiduciaries. Our local consultants are strategically placed to service our 2,500+ plans. We have offices in California, Colorado, Georgia, 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, ING, John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, Nationwide, Principal, and Transamerica.

### *Pending Deadlines*

**October 1st, 2013:** To establish a new 2013 Safe Harbor plan.

**November 1st, 2013:** Existing SIMPLE plans who want to convert to 401(k) for 2014 must notify employees and SIMPLE provider.

**December 1st, 2013:** To add a Safe Harbor option for 2014 to an existing 401(k).

**December 31st, 2013:** To establish a new 2013 Profit Sharing or Defined Benefit plan.

### *Profit Growth Through Profit Sharing*

Randy owns a commercial construction company. He wanted to create incentives for his employees to improve both productivity and worksite safety. So, he changed his Profit Sharing plan to allow a different contribution amount to each employee. Then he set goals for his team to deliver projects on schedule and have a better safety record. Randy held a meeting to introduce the program; "I have \$80,000 to divide into your retirement accounts at the end of this year. However, each time you do not meet the productivity and safety goals your Profit Sharing contribution will be reduced." The program was very successful because employees were excited and motivated to work hard for Randy. Customers were better served and costs associated with accidents were reduced. Randy continues to reward his best employees every year.

## PPA Restatements Begin Early 2014

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. In early 2014 Defined Contribution plan PPA Restatements are expected to begin. We are currently awaiting additional guidance for the actual commencement date.

This is a tremendous marketing opportunity for Advisors who wish to compete in this market by offering redesign services or simply to compete on fees. Sponsors have to rewrite their plans anyway, so why not look at other options that may help businesses to gain additional value from their plan benefits?

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

## Tax Credits for New 401K Plans

Tax credits are available to a business owner that establishes a new 401k plan. As much as \$1,500 is available for employers and \$1,000 per year for employees. If you establish a new 401(k) plan, your business may be eligible to receive an income tax credit of up to 50 percent of the first \$1,000 (\$500 maximum) of qualified costs to create or maintain the plan. The 401k tax credit may be claimed with qualified costs incurred in each of the first three years starting with the tax year when the plan became effective. The plan must have less than 100 employees to be eligible. This tax credit is available on IRS Form 8881.

## Auto-Enroll Easier Than Ever at F&B

Automatic Enrollment continues to gain momentum in every segment of retirement plans. As we providers improve communication, employers are more likely to implement these plans without issues. Farmer & Betts has developed an automatic email notification based on each client's enrollment dates and plan specifications. Advancing technology with payroll providers and recordkeepers automating the notification and implementation processes has eased the workload for plan sponsors as well. With automatic enrollment retirement readiness is becoming a reality for many more workers. As a bonus to owners and HCEs, increased participation allows them to contribute more to

their own accounts in many cases. These plans are becoming much more valuable to everyone involved. For more information on the various types of auto-enroll plans visit [www.fbpension.com/forms](http://www.fbpension.com/forms).

## Five Ways to Limit a DOL Audit

- Communicate to all eligible employees plan availability, features and enrollment options.
- Deposit 401(k) contributions consistently on time, generally within a few days of payroll.
- Respond to participant requests promptly and accurately, including providing requested documentation within 30 days.
- Maintain a proper fidelity bond. Generally for 10% of the plan value. Bond questions on Form 5500 may trigger an audit.
- Maintain complete plan document records with proper signatures and dates.

## Higher Taxes Make DB's Attractive

Planners may now lead their clients into cutting-edge plan designs, using a simple rule of thumb, "the 40-50-5 rule." Flag any employer that is at least age 40, would like to contribute in excess of \$50,000 and is considerate of a 5% company contribution to staff. This would allow either:

- Cash Balance Plans show employees what is going into the plan for each participant and what will be paid out when they leave.
- DB Carve-Out or Floor Offset 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.
- Uni(k) and DB Plans replace SEP's. If the owner has W-2 wages under \$204,000, then they can always contribute more into a 401(k) or DB.
- Owner Only DB Plans add a 401(k) for up to \$38,300 additional contribution (\$23,000 401k + \$15,300 Profit Sharing).

## 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.*

# FARMER & BETTS

## Presenting our 22nd Annual Seminar: *A Review of Qualified Retirement Plans Under Current Laws*

This seminar is designed for accountants and others in the financial community interested in an update on the benefits of plans under current regulations. There is no fee for this seminar which includes training materials and a certificate for 2 hours continuing education credit for CPAs and CFPs. This event also serves as a great opportunity for you to personally invite your associates and business partners to attend. Topics include:

### *Retirement Plan Overview*

- Plan Types
- Eligibility
- New Comparability
- Vesting

### *New Laws*

- DOMA
- 404a(5)/408b(2)
- MAP-21
- EPCRS Update

### *401(k) Profit Sharing Plans*

- Design Options
- Safe Harbor
- One Person UNI(k)
- Roth 401(k)

### *Defined Benefit Pension Plans*

- Combination DB & DC Plans
- Cash Balance

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**Register Online at: [www.fbpension.com/seminars](http://www.fbpension.com/seminars) Or see below:**

All seminars are 9:00am – 11:00am and include continental breakfast.

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|--------------------------|---|---|
| <input type="checkbox"/> | <b>Portland</b> – Wednesday, Oct. 30th, 2013: | Doubletree – (503) 281-6111<br>1000 NE Multnomah, Portland, OR 97232                      |
| <input type="checkbox"/> | <b>Tacoma</b> – Tuesday, Nov. 5th, 2013:      | Hotel Murano – (253) 238-8000<br>1320 Broadway Plaza, Tacoma, WA, 98402                   |
| <input type="checkbox"/> | <b>Atlanta</b> – Tuesday, Nov. 5th, 2013:     | Buckhead Club – (404) 262-2262<br>3344 Peachtree Road N.E., Suite 2600, Atlanta, GA 30326 |
| <input type="checkbox"/> | <b>Seattle</b> – Wednesday, Nov. 6th, 2013:   | Grand Hyatt – (206) 774-1234<br>721 Pine St., Seattle, WA, 98101                          |
| <input type="checkbox"/> | <b>Denver</b> – Wednesday, Nov. 6th, 2013:    | Maggiano's – Pavilions Mall Downtown (303) 260-7707<br>500 16th Street; Denver, CO 80202  |
| <input type="checkbox"/> | <b>Englewood</b> – Thursday, Nov. 7th, 2013:  | Maggiano's – DTC (303) 858-1405<br>7401 South Clinton Street, Englewood, CO 80112         |
| <input type="checkbox"/> | <b>Bellevue</b> – Thursday, Nov. 7th, 2013:   | Maggiano's – (425) 519-6476<br>10455 NE 8th St., Bellevue, WA, 98004                      |

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Please indicate seminar location above, complete information and return by one of the options below.

Name(s) \_\_\_\_\_

Firm \_\_\_\_\_

Phone # \_\_\_\_\_ E-mail \_\_\_\_\_

**Register at:** [www.fbpension.com/seminars](http://www.fbpension.com/seminars) or complete location/contact info above and return to:

**Email:** [seminars@fbpension.com](mailto:seminars@fbpension.com) / **Fax:** (503) 885-9101 / **Phone:** Jeff Francis at (888) 565-9887

**FALL 2013**

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

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