

F&B

FARMER & BETTS

*Pension
Consulting*

Sally Stresnak
Chicago
(312) 343-1891

Gayle Sheeder
South Florida
(305) 796-9481

Dawn van Dyck
Florida
(941) 916-8665

Aaron Hutsch
Littleton Colorado
(303) 945-9037

Bradley Risius
Kansas City
(913) 490-9504

Kurt Oswell
Seattle
(206) 729-9400

Wendy Fuller
Tualatin
(503) 577-3041

Tref Farmer
Shareholder
(253) 926-0900

Todd Farmer
Shareholder
(503) 885-0505

Miley Betts
Shareholder
(720) 348-9600

Farmer & Betts Newsletter – Fall 2017

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.

Over the last year we have established ourselves in Kansas City, Chicago and Florida. We are still searching to place a consultant in Atlanta where we have several hundred existing client and advisor relationships after 10 years in that area.



■ *401(k) Fees Remain Competitive*

Plan document: \$1,250 + \$10 per participant (takeover no charge)

Administration: \$1,250 + \$30 per participant

Please call for a quote on New Comparability, Defined Benefit, Cash Balance, 403(b), or Uni(k) Plans.

■ *Notice Delivery Due Dates*

30 Days Prior to entry –

Summary Plan Description, Deferral Election, Beneficiary designation

11/01/17 – SIMPLE plan termination

12/01/17 – 2018 Safe Harbor, 404(a)(5) participant fee disclosures and QDIA

01/31/18 – 1099R Distribution reporting

03/15/18 – Excess deferral refunds

04/01/18 – Required Minimum Distribution

07/29/18 – Summary of Material Modifications

■ *Cash Balance is Booming!*

Cash Balance plans have continued to grow in popularity.

This phenomenon is due to several factors: By approving Cash Balance plan language, the IRS has made it clear these plans are viable retirement tools. Participants like Cash Balance plans more than other Defined Benefit plans because a Cash Balance tells them exactly what their account is worth today. Plan sponsors can set aside the MOST money without paying taxes. Cash Balance plans can be added to existing Defined Contribution plans. DB plan sponsors like them so much they are converting traditional DB plans into Cash Balance Plans. Finally, the industry has caught onto their value and have specifically designed services to cater to these plans.

■ *SIMPLE Plan Conversion*

Companies' tend to outgrow SIMPLE plans, this means opportunities for advisors. SIMPLE plans have lower contribution limits, less flexibility and less compliance oversight than other plan types. If a plan sponsor has a SIMPLE plan, the fall is the best time to review whether it is their best option. They can compare their SIMPLE plan capabilities, investments, fees and ability to help participants against 401(k) type plans for example. If they find that they need a new plan for the next year, they need to provide participants a notice of plan termination before the 60 day enrollment window opens (November 2nd). We have a simple sample SIMPLE termination notice available at: <http://www.fbpension.com/p/forms>

■ *Fiduciary Rule Update*

Part of the new rules took effect on June 9th. Financial professionals are now required to act in the best interests of their clients, charge no more than reasonable fees and be clear about conflicts. Prior to the rule advisors were merely required to find “suitable” investments to their clients. The burden of proof rests on advisors to demonstrate that they service the plan solely to help participants and plan sponsors. However, the DOL has issued a bulletin stating, “the Department will not pursue claims against fiduciaries who are working diligently and in good faith to comply with the fiduciary duty rule and exemptions” until the entire rule is in effect. This unusual move indicates that the rule itself will be watered down in its final version.

On August 30th the department showed its’ intent to delay the remaining parts of the rule and enforcement from Jan 1st, 2018 until July 1st, 2019. These provisions include the best-interest exemption for variable compensation, effects on principal transactions and insurance and annuity contracts. So, advisor compensation must be the same across all investment options offered, including record keeping platforms offered to employer, and IRA rollover offered to participants.

Whether the Fiduciary Rules will ultimately help participants in any significant way remains to be seen. However, most in the industry have already taken steps to comply with the rules. This has been easier for those working with F&B. Advisors working in coordination with us have more information to be able to service their client’s best interests. In addition they can take advantage of our systems to get fiduciary notice information to the plan sponsors. We make it easier to be sure fees are reasonable, plan service providers are competent and are communicating with everybody. Many advisors are visiting clients more often, better prepared, and open to assisting more. Fee based Third Party Administrators make sure they are providing valuable compliance support to earn their fees. Go to <http://www.fbpension.com/p/links> for more details and a link to the specific DOL regulations.

■ *403(b) Restatement*

The IRS has finally issued the very first set of determination letters March 31, 2017 for ERISA 403(b) plans. 403(b) plan sponsors must rewrite their plans to follow these guidelines by March 31, 2020. This is a great opportunity to review your plan. Is it compliant? Is it working the way you would like? Could it be better? Consultants at Farmer & Betts are ready to discuss this with you. Please contact your local consultant for 403(b) plan restatement support.

■ *ERISA Bond requirement (ERISA § 412)*

An ERISA fidelity bond is a type of insurance that protects the plan participants against losses caused by acts of fraud or dishonesty. They will sometimes be referred to as Fidelity Bond or Surety Bond. The bond must cover at least 10% of plan assets. Many Bonds renew every three or five years, so this coverage amount should either be overestimated for future growth or be protected by inflation guard. Businesses may be able to add a rider to their existing general liability insurance policy. Without a bond even small plans (under 100) are required to have independent CPA audit of their plans which generally cost 20 to 50 times as much as the bond itself. The bond is reported on form 5500, which makes it easy for the DOL, or anybody else for that matter to see that the bond is either missing or lacks the required coverage amount.

Top Investment Providers

Numerous national investment companies have chosen to include Farmer & Betts on their preferred list of service providers. We can work with any investment company.

Examples include: American Funds, Ascensus, Aspire, Empower, Fidelity, John Hancock, Lincoln, Mass Mutual, One America, Principal, Transamerica and Voya.

Continuing Education Seminar

In summary, plan design and compliance is our value.

Please attend one of our complimentary seminars to meet our Consultants and learn more about new opportunities in design and compliance. This event also serves as a great opportunity for you to personally invite your associates and business partners to attend. Our seminars include continuing education credits for CPAs, CFPs, EAs and Life Insurance.

An invitation is enclosed and available at: <http://www.fbpension.com/events>.

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

FARMER & BETTS

Presents our 26th Annual Seminar:

A Review of Qualified Retirement Plans Under Current Law

This meeting is designed for accountants and others in the financial community interested in an update on the benefits of plans under current regulations. This may also serve as a good opportunity for you to personally invite your associates and business partners. Topics include:

Retirement Plan Overview

- Plan Types
- Eligibility
- New Comparability
- Vesting

401(k) Profit Sharing Plans

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

New Laws

- State-run Plans
- 403(b) Documents

Defined Benefit Pension Plans

- Cash Balance Plans

Unless Noted, Seminars Are 9:00am – 11:00am and Include Continental Breakfast.

There is no fee for this seminar which includes training materials and certificate for 2 hours continuing education credit for Insurance, CPAs and CFPs. Please indicate seminar location and return with your contact info below.

Denver, CO – Wednesday, Oct. 18, 2017
Earl's Glenarm Place
1600 Glenarm, Suite 140 (Enter on 16th street)

Naples, FL – Wednesday, Oct. 25, 2017
Courtyard by Marriott Naples
3250 Tamiami Trail North

Portland, OR – Thursday, Oct. 19, 2017
Doubletree Lloyd Center
1000 NE Multnomah Street

Plantation, FL – Thursday, Oct. 26, 2017
(Note: 12:30 – 2:30pm) Total Wine
801 S. University Drive

Englewood, CO – Thursday, Oct. 19, 2017
Maggiano's - DTC
7401 South Clinton Street

Chicago, IL – Thursday, Nov. 2, 2017
Maggiano's Downtown
516 N. Clark Street

Leawood, KS – Tuesday, Oct. 24, 2017
Leawood Hereford House
5001 Town Center Drive

Boise, ID – Wednesday, Nov. 8, 2017
Hyatt Place
1024 W. Bannock Street

Tacoma, WA – Wednesday, Oct. 25, 2017
Hotel Murano
1320 Broadway

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

Name(s) _____

Firm _____

Phone # _____ E-mail _____

For further information call John at (888) 565-9887/(503) 885-0505
To register return by email: John.bushell@fbpension.com • Or by Fax: (503) 885-9101

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www.fbpension.com

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