

HICKS NOTES

NH HICKS Experience Counts

Legal and Pension Consultants
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By Tom Hicks, Attorney At Law

NH HICKS

April has been an exciting month for us at NH Hicks and we hope you'll see the value these changes will bring to you and your clients.

- We've redesigned and improved our website. It will be up and running in the next two weeks. We invite you to take some time to see what NH Hicks has to offer.
- Debbie Rath is joining our consulting team. She has been in the pension industry over 30 years. She joined HICKS in 1997 and was instrumental in bringing new comparability allocations to our firm. Debbie has a strong technical background and experience in designing new plans.
- Matt, Kevin, Debbie, Angelique and I will be attending the NIPA conference next week and look forward to meeting with you.

REDUCING DB CONTRIBUTION

Defined Benefit Plans are subject to minimum funding requirements to ensure that sufficient money will be available to pay promised benefits to employees when they retire. Each plan year, we perform a calculation to determine the "required minimum contribution". If the required minimum contribution is not made by the deadline, the IRS will assess penalty taxes.

If your client needs to reduce their defined benefit plan contribution for the 2012 plan year, contact us immediately. We can amend the plan to a lower benefit level, freeze the plan or terminate the plan. This must be done early in the plan year before any participant works 1000 hours of service.

We understand these are difficult times for small business owners. It is our goal is to help them understand the plan, what it offers and how it benefits both the employer and employees.

NEW COMPARABILITY PLANS

New Comparability is a unique allocation method of employer contributions to a Profit Sharing or 401(k) plan, which maximizes benefits for owners and other key employees. These contributions give the employer greater control, are discretionary and can vary from year to year.

The New Comparability Plans allow an employer to make separate contributions to each group or person designated by the owner. These groups are typically owners and other employees, and they can change from year to year without amending the plan. Contributions made to the various groups are allocated based on the participant's compensation within each group.

New Comparability Plans are required to pass discrimination tests annually. These plans work best for employers whose owners are older than their employees. [Click here to view a plan comparison chart illustrating the benefits of this plan design.](#)

NH Hicks specializes in the use of this allocation method and will work closely with you to ensure the plan is designed around the specific needs of your client. Contact us to see if New Comparability is appropriate for your client.

DEPARTMENT OF LABOR

The DOL, through its Employee Benefits Security Administration division, continues to investigate 401(k) plans. In February, they filed a lawsuit for an employer's failure to deposit employee contributions to the company's plan. It is the plan sponsor's responsibility to correct any operational defect and they should be corrected and part of our valuable service to assist you in the correction procedure.

NEED MORE INFORMATION

Reply if you would like to be contacted by one of our consultants.

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