

HICKS NOTES

NH HICKS Experience Counts

Legal and Pension Consultants
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By Tom Hicks, Attorney At Law

WE ARE CHANGING THE GAME

The business world is changing. New regulations, technology and the sluggish economy are requiring good companies to adapt and change. We have revamped our business strategy to be ready to take advantage of the opportunities we see coming our way. By adjusting our staff, we are able to provide our clients better and more engaged services and lines of communication. We are using technology in more and improved ways with paperless administration, a website kept current with important tools and retirement plan information, and the use of social media.

Most importantly, we have revamped our annual seminar to reflect these changes. Gone are the cutesy optics of the past, and in are the new business theories and opportunities we see in the current business world. This newsletter just scratches the surface of what's happening in this world. Want to learn more? Attend our NEW seminar and see what opportunities await if you're bold enough to change!

SUCCESS OR FAILURE IN TODAY'S MARKET

The business world has made a subtle shift in the way successful businesses operate over the past several years. According to Mike Myatt, a researcher and leadership advisor to fortune 500 companies, this shift has now erupted into a major paradigm shift. Successful companies and people have recognized the way this shift has affected their businesses and responded by making the changes necessary to create a healthy enduring company. In his article "Corporate Success vs. Failure - 30 Points of Distinction", he has created a chart with 30 points that outline the old way and the new way. This chart was created to help business leaders assess their company while providing a roadmap for change. (Go to our web-site for the link.)

As a small business owner, I have instinctively begun changing the way we do business. When I found this article, the lights went on for me, as I was able to connect the dots and knew we were on the right track.

We have embarked on a new way to sell our services as well as how we relate to our clients. It's not enough to look good and sound good. We must continue to bring real value to those interested in our business. One way we have done this is by providing an extensive website. It has administrative forms, technical papers and the answers to almost any pension question. In addition, we have links to articles, resources and government organizations. Our employees are taught to ENGAGE our clients and advisors onto it, so they understand and feel comfortable using it as a resource.

We have lowered our client to administrator ratio by one third, so our clients are sure to get the administrative services they need. For a relationship to be successful, the client must be comfortable with the plan and its workings. Through the extensive use of social media, we are able to stay up-to-date on the latest regulations, discussions, and trends and developments in Washington and are able to share that information with everybody who will need it.

We have stopped training our staff and now DEVELOP them, so they have a greater understanding of not only what is going on, but why it is happening.

I am personally excited about this new business world and I'm enjoying the challenges and opportunities it brings. Our motto is "Adapt or Die" and I love it! We will be discussing these concepts and how they might apply to the financial and accounting industries at our next seminar.

GOOD FIDUCIARIES USE GOOD ADVISORS

The pension world has reached a tipping point. The proverbial “straw that broke the camel’s back” are the new disclosure rules and the burden it places on plan fiduciaries. For most of our clients, the retirement plan fiduciary is the business owner or a committee of senior management. A fiduciaries' job is to act prudently and be as “clean as the driven snow”. They must work exclusively for the benefit of the plan’s participants. It is the highest duty owed under the law.

As such, given the complex and current regulations, any “Prudent Person” must retain the expertise of outside advisors, attorneys, and accountants or risk violating their fiduciary duties. In addition, advisors must get up to speed on the constantly changing rules and regulations. Gone are the days of quick, easy and cheap turnkey 401(k) plans. There is just too much risk for noncompliance. Can you risk working with non-attorney administrators?

Employers are always trying to save money, however the cost of not having it done right can cost much more in the long run. When under audit, a few thousand dollars is cheap compared to the fines and penalties the government can extract for plan failures.

In addition, a good advisor will provide the added benefit of long range planning and a sounding board for reactionary decisions. Quick decisions are often bad decisions. By having a long range plan and a good advisor with a long term vision, we can protect our clients from bad decisions and give them a roadmap to security.

Bottom line, if you want to be a good fiduciary, get good help.

SEPTEMBER DEADLINE AND NEW PLANS

401(k) Safe Harbor Plans are required to have a minimum initial plan year of at least 3 months. This means new plans with a calendar year end must be established before October 1st, 2012 to be effective for 2012.

If you have a client who needs a new plan this year, contact us as soon as possible for a proposal.

401(k) QUESTIONNAIRE INTERIM REPORT

On February 3, 2012, the IRS released the 401(k) Compliance Check Questionnaire Interim Report providing a summary of findings from their survey conducted in May 2010. The IRS randomly surveyed 1,200 401(k) plan sponsors of small, medium and large plans. Plan sponsors were asked questions covering participant demographics, plan features, participation rates, and compliance testing and failures.

According to the IRS, there are over 500,000 401(k) plans covering approximately 60 million participants.

The survey revealed a number of finding regarding common plan features including:

- 43% of 401(k) plans are safe harbor plans,
- 22% include a roth deferral feature,
- 68% provide for matching contributions,
- 65% provide for some form of employer nonelective contribution (profit sharing),
- 76% allow for hardship distributions, and
- 65% allow for participant loans.

You can use the 401(k) questionnaire, in conjunction with the report findings, to design new plans. In addition, it is a great tool to help your clients strengthen their internal controls over their plan’s operation and to find, fix and avoid errors in their 401(k) plans.

To view the questionnaire or full interim report, go to [http://www.irs.gov/Retirement-Plans/401\(k\)-Compliance-Check-Questionnaire-Interim-Report--FAQs](http://www.irs.gov/Retirement-Plans/401(k)-Compliance-Check-Questionnaire-Interim-Report--FAQs)

IT’S SEMINAR TIME - SAVE THE DATE

This year’s seminar “Prospecting in Today’s Business Market” is a new format and designed to provide you with the tools to assist you in selling and serving clients in today’s environment. The seminars are:

- **Sacramento** Tuesday, November 6th
- **Concord** Wednesday, November 7th
- **San Mateo** Thursday, November 8th
- **Reno** Tuesday, November 13th

Additional information can be found on our website, www.nhhicks.com. We hope to see you there!

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Prospecting in Today's Business Market

SEMINAR 2012

This event is designed for accountants and others in the financial community interested in selling and servicing clients in today's business environment. Topics include:

BUSINESS OVERVIEW

- New Paradigms
- Regulations
- Elections Results

TOOLS FOR PROSPECTING

- Design Options
- Takeover Plans
- FreeErisa.com

OPPORTUNITIES UNDER NEW LAWS

- Service Provider Fee Disclosure
- Participant Fee Disclosure
- Working with Fiduciaries

WORKING WITH WHOLESALERS

- Bundled vs. Unbundled Approaches
- Benchmarking and Pricing

SOCIAL MEDIA

- NH Hicks.com
- Facebook, LinkedIn, Twitter
- Skype

ALL SEMINARS ARE 9:00 – 11:00AM

- **SACRAMENTO** - Tues, Nov. 6th Sacramento Marriott
11211 Point East Drive
Rancho Cordova, CA 95742
(916) 638-1100
- **CONCORD** - Wed, Nov. 7th Crowne Plaza
45 John Glenn Drive
Concord, CA 94520
(925) 825-7700
- **SAN MATEO** - Thurs, Nov. 8th Holiday Inn
330 North Bayshore Blvd.
San Mateo, CA 94401
(650) 344-3219
- **RENO** - Tues, Nov. 13th Siena Hotel Spa Casino
1 South Lake St.
Reno, NV 89501
(877) 743-6233

This free seminar includes continental breakfast, training material and certificate for 2 hours continuing education credit for CPAs and CFPs.

To register, contact Samantha at (530) 891-4975 or:

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Name(s) _____

Firm _____

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