

HICKS NOTES

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2012 PLAN YEAR DEADLINES APPROACHING

For those on a calendar year plan and who have not yet finished the 2012 reporting and plan administration requirements, there are a few important deadlines approaching over the next few months you should be aware of:

- **July 31, 2013** - the deadline to file an extension for the Form 5500. By filing form 5558, the deadline to file the Form 5500 is delayed to October 15, 2013.
- **August 30, 2013** - the Fee Disclosure deadline. This law requires that participants and sponsors receive disclosures on fees paid by the trust for administration and investments in the plan. These disclosures generally will be provided by the investment company. It is important for trustees to understand exactly how much they are paying, to whom and for what services they are receiving. For a full discussion on this important issue, please review the articles and information [here](#).
- **September 16, 2013** - the funding contribution deadline for all Defined Benefit Plans. Many CPA's and Financial Planners forget about this minimum funding deadline because the tax return on a Sole Proprietor is due October 15th. Have you been provided with your contribution numbers? Do you need help with this? Contact us, we are here for you.
- **October 15, 2013** – the extended deadline date to file the Form 5500 and its attachments.

We are always busy the first two weeks of October, so try to get ahead of the curve by contacting us regarding funding the plan. Even if you haven't funded your plan or used it in 2012, you still may be required to meet these deadlines or face stiff penalties. For a complete list of deadlines, [click here](#).

Call or email us with any questions or pension administration needs. [Click here](#) to email us.

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YOU ARE PAYING TOO MUCH FOR YOUR PLAN

Now that we are a year into the new fee disclosure regulations, we are seeing a flurry of interest as Trustees and Plan Sponsors are finally figuring out how much and who is being paid out of their plan assets.

I recently received a call from a Financial Planner who asked if it was reasonable for the administrator to charge \$10.00 for non-participating employees. While I think the fee is reasonable, our discussion led to plan assets and other administration charges. He told me this client had over two million dollars in the plan and was on an insurance company platform. I suggested he look to see how much the TPA was receiving as "Revenue Sharing" from the investment company and make sure the TPA was crediting back these amounts to their bill. This homework will reveal the true administrative cost of this plan.

Revenue Sharing is the dirty little secret that has been occurring in our industry for the last 5 - 10 years. This is where investment companies pay TPAs for doing business with them. While they look like commissions, they are paid as an incentive to do business with the investment company. They range from .025 - .1% of total assets in the plan. On a million dollar plan, .1% is a \$1,000. While it's not a lot in comparison to the total plan assets, it is money that should be used to reduce fees. Many TPA service agreements state their fees are what they publish, plus whatever else they may be getting from the investment company. Their disclosures are five pages of mumbo jumbo and the client is left not really knowing how much the TPA is receiving. Why should a TPA charge more because there is more money in the plan? It's the same amount of work.

A recent article in the New York Times does a nice job outlining the current lawsuits in this area and the effect of these fees on retirement security. See it [here](#)

It is your duty as a plan sponsor, trustee or investment advisor to know what's going on behind the scenes. NH HICKS has added a policy whereby we will credit up to 100% of these payments to offset administrative fees. See it [here](#). Does your TPA incorporate such a policy? You need to know and demand that your fees be reduced. If not, give us a call for the best value in plan administration. It's the law, but more importantly, it's the right thing to do.