

HICKS NOTES

NH HICKS Experience Counts
Legal and Pension Consultants
(800) 310-4975 | www.nhhicks.com

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By Tom Hicks, Attorney At Law

FALL DEADLINES FOR CALENDAR YEAR PLANS

As we enter this fall season, these important deadlines are upon us.

September 30

The deadline to implement and provide notification for a Safe Harbor 401(k) Plan in the 2013 calendar year. After this date, new plan options become limited for this year. Financial Planners and CPA's who have clients interested in starting a plan for 2013 may want to call us today for plan proposals and options before it's too late.

October 15

The final deadline to file the extended Form 5500 for 2012.

[Click here](#) to view our full compliance calendar for 2013.

ARE YOU PAYING TOO MUCH FOR PLAN ADMINISTRATION

New disclosure rules are forcing clients to take a closer look at their plan expenses for the services they are receiving. Many TPA's are receiving revenue sharing amounts from investment companies in addition to charging their regular fees. This amounts to an unfair and unearned windfall for them. While it is not illegal, as long as it is disclosed, it is a hidden cost that many plans bear. It is your fiduciary duty to know how much advisors are receiving and to determine that it is reasonable.

We at NH HICKS have created a policy whereby we are crediting back all amounts over \$25 per quarter. In many cases, this means our published fees are paid for entirely from these payments. Please review our policy and fees [here](#). In most cases, where your plans have large account balances, you or your clients are paying too much.

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Call or email us with any questions or pension administration needs.

WHICH FEES CAN BE PAID FROM PLAN ASSETS

Allocating plan expenses among plan participants is a practice that has been occurring for a long time. Recently, the DOL issued two publications on this subject. ["A Look at 401\(k\) Plan Fees"](#) and ["Understanding Plan Fees and Expenses Booklet"](#) focuses on which fees can be paid by which accounts in retirement plans. Click on the article you wish to review.

The fees that can be paid directly out of each individual account include: Reasonable fees and expenses associated with Hardship Distributions, Calculation of benefits' under different payment options, administration of vested participant accounts, benefit distribution, QDRO and QMCSO determinations. These are fees associated with an individual action and therefore it is reasonable to have the individual pay these fees.

Fees paid by the plan may be allocated as a flat fee or equal percentage to each account (Per Capita) or allocated based on account balance (Pro Rata). Investment fees should use the Pro Rata basis because it is reasonable for the service the investment company provides to these accounts.

Fees that may not be charged to a retirement plan are fees that are settler-related and are the responsibility of the employer. These fees include plan design costs, legal costs for corporate issues involved, amending the plan for a business reason (not a regulatory requirement), plan termination costs, costs under EPCRS to bring the plan back into compliance, and excise tax and costs associated with 5330. However, they are deductible as an ordinary business expense.

It is important to know what fees can be paid out of the plan, how to calculate them and who pays them. As always, we are here to help answer all of your questions.

NEW WEBINARS

Starting in October, we will present a series of 3 webinars for **Qualified Plans in Today's Environment**. The Webinars will cover Defined Contribution Plans, Defined Benefit Plans and Fiduciary and Legal Review.

Each webinar is 1 hour and available for CPA/CFP's CE credits. Details will follow shortly.