

HICKS NOTES

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APRIL 17TH TAX DEADLINE HAS PASSED: WHAT DID YOU LEARN & WHERE DO WE GO FROM HERE?

Now that the initial 2017 tax deadlines are over, financial professionals need to take stock in what they learned and develop a strategy for their clients for 2018. For CPAs, tax planning and cash flow are at the top of the list. For Financial Planners, it's time to review clients' plans and fine tune their tax and retirement strategies.

CPAs and accountants have just finished reviewing their clients' tax issues. Have your small business clients been growing or shrinking? Did they have to write checks to the IRS or have money returned? For those clients who are growing, a review of their current plan is in order. More eligible employees means larger employer contributions for those additional participants. A plan review may find a way to decrease this cost through class allocation, safe harbor or a combination of the two strategies. Clients who currently have SEPs need to review how additional employees eligible for 2018 will affect their plans and use a 401(k) strategy to reduce these costs. Wait too long and these opportunities may be missed.

A small business owner with increased income may need more than the 2018 \$61,000 limit allowed into a defined contribution plan (owner over age 50). By adding a defined benefit plan (DB), contributions can be greatly increased for 2018. [This chart](#) can give you some idea of how age and compensation work in determining DB contributions. Even if the company has employees, use of a [combined plan strategy](#) may make sense for a profitable client. Let us run a [proposal](#), free of charge if you think this might work for your clients.

If a client's business is struggling and they have a Defined Benefit Plan, a reduction in benefits will decrease funding requirement for 2018. An amendment must be done prior to participants working a 1000 hour. You should contact your DB clients and see how this year looks for them. If they need smaller contributions, call the plan administrator by May 15th to be sure the amendments and participant notices are done on time.

Financial Planners need to review your clients' plans for administration, design and fiduciary issues. This checklist is a great tool for [areas to review](#) with each client. By asking these questions, you can expose weaknesses and potential areas where improvement can be made.

A fiduciary review should be completed at least annually. You will want to REVIEW, BENCHMARK AND DOCUMENT the process. A proactive approach is now required by regulations and case law, and a good advisor will perform this review annually. For more on this subject, [click here](#).

With the market gains and fluctuations, educational meetings for participants and owners may be in order. Rebalance portfolios, take gains or risk off the table, or just calm nerves is a great way to stay proactive given this turbulent market.

Now is a perfect time to develop a marketing strategy to gain new retirement plan clients. What are your strengths and what additional value can you bring to the market? Service, fees, and technology are all areas that need improvement. Data mining of 5500 forms can help recognize prospects and their issues. We have great resources to help you in this area. Spend thirty minutes and listen to our [recorded marketing webinar](#) for ideas and strategies.

Look for clients who have bundled plans with payroll providers. These clients need a review today given the history of how these plans operate. Bad plan design, expensive fees and poor service seem to be the norm for most of these companies in the small plan market. Want these clients? Go get them by offering a free review. We are here to assist.

Finally, everybody needs to stay on top of the latest trends and ideas in this area. We have webinars coming up in June that can get you caught up while earning 3 hours of FREE CE credit for CPAs and CFPs. Join us [here](#) and stay on top of what you need to know for 2018. With April 17th behind us, it's time to get back to planning and preparing for 2018. As always, we are here to help!