

HICKS NOTES

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EDUCATION IS THE KEY TO SUCCESS

Whether you are just starting out in the financial industry or are a grizzled veteran, having a basic understanding of how retirement plans can help your clients is essential. The retirement plan industry has always been and continues to be in a state of constant flux. This flux is caused by governmental regulations with built in changes, new rules and regulations along with court cases and rulings. While you can't be an expert in all aspects of retirement plans, having a basic understanding and the ability to spot issues is key to helping bring value to your clients and prospects.

PLAN DESIGN: It is essential to know when to move clients in SEPs and SIMPLES to a [401\(k\) Plan](#) and understand why these plans exist. Amending a plan to include "Safe Harbor" provisions can bring added dollars to small business owners and solve discrimination testing issues. Using a tiered or class allocation of employer contributions takes this 401(k) design one step further and brings maximum value to your client's plan.

Understanding the different [types of Defined Benefit](#) and Cash Balance plans is the next step to producing larger contributions. Pairing it with a 401(k) plan, these "combination plans" can create huge benefits for the employer with a smaller marginal cost for employees..

ADMINISTRATIVE TRAPS FOR SPONSORS:

What are the red flags and other traps every plan sponsor needs to be aware of? The issues include making timely Required Minimum Distributions (RMDs), paying terminated missing participants, reflecting controlled and affiliated service groups, following loan provisions, creating prohibited transactions and timely deposits of employee deferrals. All can be potential traps that need to be identified or they may bring severe penalties and potential

liability when detected under audit.

NEW LIMITS: With many regulations having built in cost-of-living adjustments, knowing how these new limits affect current plan allocations and opportunities is a must. [Click here](#) for 2018 limits.

FIDUCIARY RULINGS, REGULATIONS AND

CASES: Anybody working with retirement plans need to understand the rules regarding giving investment advice and investment product placement. The Department of Labor (DOL) Fiduciary Rule has been vacated by the Fifth Circuit Court because it "fails the reasonableness test" of the Administrative Procedures Act by exceeding the departments ERISA authority over one-time rollovers and similar provisions. In response, the DOL has issued guidance on how those working with these plans need to act. Acting "diligently and in good faith" will provide some relief for those giving investment advice to these plans, but for how long?

In addition, everybody needs to know their responsibilities when dealing with these plans in general and what they need to do to help their clients stay out of fiduciary hot water. An annual review where they Review, Benchmark and Document is a basic requirement when looking at the regulations and court cases as a whole.

BOTTOM LINE: We have developed 3 one-hour webinars that address these and many other issues. They are free and available for 3 hours of continuing education for CPAs and CFPs®. Want to get caught up on all the latest areas of review? Want to bring new ideas to your existing clients? [Join us here](#). It will be worth your time!