

HICKS NOTES

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October 2019

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OCTOBER 15th DEADLINE: ITS ISSUES AND OPPORTUNITIES

Now that we've all gotten through the October 15th deadline for 2018 calendar year 5500s, this is the perfect time to review the reasons why these "on extension" clients were here and what issues and opportunities these clients present. By identifying these clients and discussing their plan issues, you will be able to bring added value to your client relationships and get more business.

CLIENT ISSUES: In many cases, the client is responsible for being up against the deadline.

For clients with **cash flow issues**, they are funding last year's deduction with this year's cash. An employer has until they file their tax return, plus extensions, to fund. Once behind the curve, they may never get caught up. A meeting to explain how to amend the plan's contribution level or suggesting depositing amounts during the year may help alleviate this problem. Perhaps suspending the Safe Harbor contributions for a year will give a client time to catch up or get ahead of the cash flow problem.

Turnover, of a bookkeeper or in the payroll department, is another reason for extending the 5500 deadline. When new people are hired, there is a learning curve of their retirement plan responsibilities. They may not understand the interface between the company and its investment advisor, CPA and Third Party Administrator (TPA), and may have simply failed to give the required information needed to complete the filing. A meeting to explain the plan and its moving parts is all that is needed to get new personnel up to speed. For a link to the roles of each advisor, [click here](#).

Compliance and testing issues are another reason plans are at the filing deadline. It may be an ignored failed ADP test or late deposits that need to be addressed by an employer. When preparing the 5500 form, issues need to be addressed and corrected. Often the TPA has just sent letters. A meeting to discuss the specific issues needs to be held and a strategy for fixing and reporting these errors needs to be developed. A proactive approach to plan administration can keep these errors from happening year after year.

TPA ISSUES: Often, it is the TPA who is responsible for the extended deadline. This is mainly due to a lack of affirmative action on the TPA's part because of issues within their organization.

Turnover or overworked administrators is a big problem for many TPA firms because of poor management and overselling their services. While it is great to have consultants who can sell and bring in new clients, it is difficult to find the talent to administer the plans. As such, many TPAs overwork their administrators by giving them too many clients. People leave and the clients are passed from one administrator to another throughout the years. Every client has quirks and minor issues that need to be relearned and remembered. If your clients are constantly being reassigned, they deserve better service than what they are getting. Now is the perfect time to move administration firms and find the right fit for these clients.

Lack of communication is another reason plans are filing late. Too often, a TPA will only send letters or follow up emails to the clients when the information may be available from other sources. A good TPA will contact the financial planner, CPA or payroll company to track down the information they need to complete a 5500. By understanding our role as part of a bigger team, we are able to assist the client by contacting the other professionals for them.

Arrogance is another fault of some TPA firms. Some think only within the box when trying to solve plan problems. They threaten clients with nasty letters regarding penalties and fines for minor errors when only a simple correction is needed. These issues can range from loans in default, late contributions, not covering eligible employees or failure to process payouts. As such, clients are paralyzed with fear and are not given choices on how to correct problems that may have occurred in the past years. A proactive business approach with these clients can help clean up past mistakes and put in systems to keep them from happening again.

BOTTOM LINE: While "on extension" clients may have issues, now is the perfect time to have a meeting to address what can be done so the plan runs smoother. Move them to a new TPA if they aren't getting the service they deserve. A proactive approach is the best way to keep the administrative process running smoothly.

Need Help? Contact us and give your clients the resources they need to run their plan accurately, efficiently and timely.