NH HICKS

Legal and Pension Consultants

QUALIFIED PLANS IN TODAY'S ENVIRONMENT

Fiduciary & Legal Review

2021

NH HICKS

Legal and Pension Consultants
www.nhhicks.com

Who we are:

NH HICKS is a multi-generational company with one goal: To provide the best service, value and price in the retirement plan industry.

Each client is assigned an administrator and a consultant. Our administrators have over 250 years of combined experience. This provides administrative support by which we can ensure that all plan administration is performed in a timely manner, with a high degree of expertise. Our consultants assure a presence for one-on-one meetings to design and explain a plan that best fits a company's business and its retirement goals.

What we do:

NH HICKS specializes in quality pension plan administration with local service at a reasonable cost. We are a fee only third party pension administration and consulting firm that does not handle any investments or insurance. We offer flexibility through individually designed retirement plans and self-directed retirement accounts. Self-directed gives clients freedom to choose their own investments.

We currently administer over 1000 retirement plans for our clients primarily throughout California and the western United States. Our goal is to provide excellent service to all clients by working closely with their tax and financial advisors.

Given the continuous stream of regulations, our firm and legal department are unsurpassed in experience and constantly updating and adapting to today's regulatory environment. Our annual plan review keeps our clients up-to-date with the best possible plan options along with keeping your plan in compliance with the latest IRS and DOL regulations.

www.nhhicks.com:

Our website is being updated daily with the newest regulations, common trends and articles from leaders in the financial industry. We have adapted to new technology, gone paperless, expanded our website and brought value through actively participating in numerous social media forums. You will also be able to find our complete staff biographies, email addresses, fees, forms, FAQs and other vital information.

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PLAN DESIGN HIGHLIGHTS

FIDUCIARY & LEGAL ISSUES

- Litigation Updates – Tibble and Anthem
- Significance of Fiduciary Status
- Fiduciary Rules
- 3(16) vs. 3(21) vs. 3(38) Fiduciary
- IRS and DOL Actions
- SAS 136
- The SECURE Act I & II
- New Plan Set Up Deadline
- Tax Credit for New Plans
- ERISA Fee Disclosure
- Determination of Controlled Group
- Red Flag Issues
- Compliance Assistance
- Missing Participants
- MEPs/PEPs
- CalSavers

SUMMER IS A GREAT TIME FOR A PLAN CHECK-UP

As the summer months approach and things slow down, now is a perfect time to be proactive and review your retirement plan and all its components. This month we provide areas of review and resources to help you and your clients accomplish this important task.

PLAN DOCUMENT: Every plan sponsor and fiduciary needs to make sure the plan is running properly. The document is the first line of defense. It should be reviewed to make sure it's been restated and the administration is being run according to the plan provisions. The IRS has created a checklist to help identify issues regarding documents. It can be viewed here.

Is the plan accomplishing the goals of the employer in providing benefits and tax breaks to those who need it the most? In the event of a plan audit, here is a link to our website and the sample IRS and DOL letters requesting information. Notice the extensive requests for documents and amendments.

ANNUAL ADMIINSTRATION: This is highly technical work and mistakes can be made in the administration process. Eligibility, vesting, accounting, loans and payments to and from the trust should be reviewed by an independent third party at least periodically. We all make mistakes, and if one is caught before an audit, there are various IRS and DOL programs in place that allow for self-correction.

The IRS has a plan checklist that outlines the requirements and issues to look for regarding the operation of these plans. This is helpful in that it gives insight into what the IRS is targeting should your plan be audited. To review, click here.

THE FIDUCIARY PROCESS: This is the "Hot Topic" of this year. There are new regulations and court cases regarding breaches of fiduciary duties and failure to exercise their duties. A thorough review of the decision making process is paramount to protecting everybody who works with these plans.

As an investment advisor, your job is to help in the drafting of the investment policy statement (IPS). This is the basis for the selection of investments. It needs to be written and should spell out the process by which funds are chosen. As a plan grows, it should be able to get cheaper funds because of the amount of assets. You cannot "set it and forget it" as the case of Tibble.

FEES: The 408(b)(2) regulations require that trustees understand the fees they and their participants are paying. Are they reasonable? Are they getting the proper value and service for what they are paying? Is anybody receiving "kickbacks" or other hidden fees, and are they being offset against administration costs? All of this is important because, in most 401(k) plans, the participant's accounts are being charged something. This annual review requires 3 things: REVIEW, BENCHMARK and DOCUMENTATION. For additional information, click here.

Are the participants getting the proper disclosures, statements and education they need? Ultimately, as a fiduciary, the plan sponsor's job is to put their participants first. They should review the information and educational materials provided to them. Annual meetings, website access to information, and other materials are important to fulfilling these duties. As a financial planner, it is your job to provide these services. The participants and fiduciaries depend on you. Don't forget to document the meeting and decision making process.

IN CONCLUSION: We have only scratched the surface of the various issues. The rules are being clarified through new regulations and court cases. We are providing a series of webinars next month where all of these issues are discussed further. For the invitation for these free webinars, click here.

As always, we are always available for questions, comment or proposals. Summer is here, now is the time!!

3(16) vs. 3(21) vs. 3(38) Fiduciary
What's the Difference?

"A retirement plan adviser can serve in with a 3(16), 3(21) or 3(38) fiduciary capacity, and in some cases, both capacities. The needs and desires of the plan sponsor typically dictate the specific arrangement, which is predicated upon the subject of risk mitigation versus risk avoidance."

3(16)
Named & acts as Plan Administrator
Oversees Management & Administration
Selection, evaluation & monitoring all providers
Evaluation of all plan fees
Delegate administration responsibilities
Oversee operation of Plan
Provide reporting & disclosure materials

3(21)
States in writing co-fiduciary status
Assists in drafting IPS
Helps design initial fund menu
Provides monitoring
Recommends changes
Recommends mapping strategies
Provides Documentation

3(38)
States in writing co-fiduciary status
Drafts IPS
Builds initial fun menu
Monitors menu
Makes changes
Determines mapping strategies
Provides Documentation

3(21) vs. 3(38) Fiduciary; What's the Difference? Gratke Wealth. David Gratke. 11-1-2011.
http://davidgratke.com/401k/321-vs-338-fiduciary-whats-the-difference/

HICKS LEGAL
Fiduciary and Compliance Review Services

Why are Retirement Plan Fiduciaries turning to Independent Fiduciary Advisors?

ERISA imposes high standards upon fiduciaries. The courts refer to those duties as “the highest known to law”. Retirement Plan fiduciaries may be personally liable if they know, or should have known, of a breach by another fiduciary. Pleading ignorance or inexperience will not be an adequate legal defense. Complying with the broadly expanded 408(b)(2) Regulations is a daunting task. ERISA encourages plan sponsors to hire “Prudent Experts”.

To comply with the new 408(b)(2) regulation, a responsible plan fiduciary will develop procedures that will demonstrate that its arrangements with third-party service providers are reasonable. Documenting the process by which the required information is solicited, reviewed, and evaluated is the most effective means to achieve compliance. We provide individual consultation with a California Attorney to protect fiduciaries from this liability. We will meet with you to:

1. Identify an individual or committee that will be responsible for identifying covered service providers and soliciting and evaluating the required disclosures. The disclosures must be received “reasonably in advance” of the date the service provider contract or arrangement is entered into, extended, or renewed.

2. Implement a written policy or procedure to identify the duties of the responsible individual or committee, the required elements of disclosure (which differ depending on the type of covered service provider), and the process to be followed if the required disclosures are not provided, in whole or in part.

3. Document the responsible individual’s or committee’s review of the information disclosed and the report of its findings to the fiduciary with ultimate responsibility for entering into the service provider contract or arrangement. Document the process by which such fiduciary decision-making is made.

4. Provide “benchmarking” services to allow the responsible plan fiduciary to evaluate and compare the service provider’s aggregate compensation with other comparable service providers and industry standards, and to otherwise assist in supporting the process by which the fiduciary determines and documents that a service provider’s compensation is reasonable.

Procedural due diligence is especially important in evaluating the performance of investment options offered under a 401(k) or 403(b) plan where participants can direct the investment of their own accounts. Direct and indirect fees and other charges affect the value of participants’ accounts, and the documentation of procedural diligence can provide an effective defense in the event of litigation claiming that the plan fiduciary has violated its duty to monitor fees and expenses.

SAS 136 CHECKLIST FOR PLAN SPONSORS

1. MAINTAINING A CURRENT PLAN INSTRUMENT

Key considerations:

The plan sponsor should maintain the most current plan document, as well as all amendments to the plan document.

Plan sponsors will need to be ready to demonstrate to their CPA firm that they have the most current plan document and amendments, and are operating the plan in compliance with the current plan document and amendments.

Plan Sponsor To-Do's:

- ☐ Ensure you have possession of the most currently approved Plan Document
- ☐ Ensure you have possession of all amendments to the Plan Document
- ☐ Ensure you have possession of the most current Summary Plan Description
- ☐ Ensure you have possession of all contracts with insurance companies and other service providers
- ☐ Ensure the minutes of the meetings of your plan oversight committee include discussions regarding plan operations and any potential compliance or operational failures, and corrective actions taken.

2. PROPERLY ADMINISTERING THE PLAN AND VERIFYING THAT THE ERISA FINANCIAL STATEMENTS ARE IN ACCORDANCE WITH THE PLAN'S PROVISIONS, INCLUDING MAINTAINING SUFFICIENT PARTICIPANT RECORDS.

Key considerations:

How does the Plan Sponsor document and ensure that plan transactions, which ultimately flow into the financial statements, have been initiated and recorded in accordance with the provisions of the Plan Document.

The Plan sponsor will need to provide information to the CPA firm to describe how participant records are maintained in a sufficient manner to allow for each participant to be credited for all of the benefits due under the plan provisions.

Plan Sponsor To-Do's:

- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures in place to maintain accurate census data and payroll records.
- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures to ensure eligible participants are timely and accurately enrolled into the Plan.
- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures to ensure that participant salary deferral rate changes are processed and entered timely and accurately.
- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures to maintain participant accounts in an accurate manner.
- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures to ensure that participant contributions are timely remitted to the custodian under DOL requirements.
- ☐ Ensure the Plan Sponsor can demonstrate it has effective controls and procedures to ensure the correct eligible compensation is being using to calculate both participant deferrals, and various employer contributions.

3. THE PLAN SPONSOR IS REQUIRED TO DETERMINE WHETHER AN ERISA SECTION 103(A)(3)(C) AUDIT IS PERMISSIBLE, IF THE CERTIFICATION IS APPROPRIATE, AND IF THE CERTIFIED INFORMATION IS CORRECTLY MEASURED, PRESENTED, AND DISCLOSED IN ACCORDANCE WITH THE APPLICABLE FINANCIAL REPORTING FRAMEWORK.

Key considerations:

An ERISA Section 103(a)(3)(c) audit is permissible when the Plan Sponsor (not the CPA firm) obtains a valid certification statement from the trustee or custodian of the Plan. A valid certification consists of the following:

1. Can only be issued by a bank or similar institution or by an insurance carrier that is regulated, supervised and subject to periodic examination by state or Federal agency, that acts as trustee or custodian.
    a. Brokerage firms and investment companies generally do not meet these eligibility requirements, however they may have established a separate trust company which could meet the requirements to be a qualified institution.
2. Information must be certified as both complete and accurate and signed by an authorized person.

    To meet the requirements for the limited scope audit exemption, the qualified institution must certify both the completeness and accuracy of the required information, and the certification must be signed by a person authorized to represent the institution. An example of such certification follows:

    > *The XYZ Bank (Insurance Carrier) hereby certifies that the foregoing statement furnished pursuant to 29 CFR 2520.103-5(c) is complete and accurate*.

    Certifications that only state the information is either accurate or complete, but not both, or are not signed by an authorized individual do not meet the DOL requirements for a proper certification.

Plan Sponsor To-Do's:

The Plan Sponsor should prepare a memo to document the following related to the certification and the investments covered by the certification:

- ☐ How the plan sponsor determined that an ERISA Section 103(a)(3)(c) audit is permissible for the plan under audit.
- ☐ How the plan sponsor determined that the entity preparing the certification statement is an institution qualified to issue a certification statement.
- ☐ How the plan sponsor determined the certification is worded correctly and meets the requirements of CFR 2520.103-5.
- ☐ How the plan sponsor determined if the certification covers all assets held by the plan, or if multiple certification statements are needed.
- ☐ How the plan sponsor determined that the financial information and reports, covered by the certification statement, have been prepared in accordance with generally acceptance accounting principles.
- ☐ How the plan sponsor determined that the investments covered by the certification have been valued as of the Plan's year-end.
- ☐ How the plan sponsor determined that the investments covered by the certification have been valued using the appropriate reporting framework.

4. PROVIDING THE AUDITOR WITH A SUBSTANTIALLY COMPLETE DRAFT OF THE FORM 5500 PRIOR TO THE DATE OF THE AUDITOR'S REPORT

Key considerations:

This new SAS will not allow a CPA firm to issue the plan's financial statement without a substantially completed draft of the 5500.

Plan Sponsor To-Do's:

- ☐ **The Plan Sponsor needs to provide a draft of the Form 5500 to the CPA firm for review prior to issuance of the completed plan financial statements.**

The SECURE Act

As part of a larger government spending package, which was signed into law on December 20, 2019, Congress included provisions from the Setting Every Community Up for Retirement Enhancement (SECURE) Act. The act reflects policy changes to defined contribution plans, defined benefit pension plans, individual retirement accounts (IRAs), and 529 college savings accounts. Most provisions in the law go into effect on January 1, 2020.

Here is a summary of some key provisions of the SECURE Act:

Required minimum distributions (RMDs) now begin at age 72
Americans are working longer and will no longer be required to withdraw assets from retirement plans and IRAs at age 70½. RMDs now begin at age 72 for individuals who turn 70½ in the calendar year 2020 and later.

IRA contributions beyond age 70½
As Americans live longer, an increasing number are continuing to work past their traditional retirement age. Under the SECURE Act, employees can continue to contribute to their traditional IRAs past age 70½ if they are still working. That means the rules for traditional IRAs will align more closely with retirement plans.

Long-term, part-time workers will be able to join the company 401(k) plan
Up until now, if an employee worked less than 1,000 hours per year, the employee was generally ineligible to participate in the company's 401(k) plan. Except in the case of collectively bargained plans, the law now requires employers maintaining a 401(k) plan to offer a plan to any employee who worked more than 1,000 hours in one year, or 500 hours over 3 consecutive years. Employer contributions are not required for these employees even if the plan is top-heavy. Although employers need to start tracking these part-time employees, the earliest entry date of these employees will be January 1, 2024.

Increased tax credit for starting a retirement plan, up to $5,000
The new law provides an increased start-up retirement plan credit for smaller employers of $250 per non-highly compensated employees eligible to participate in a plan at work (minimum credit of $500 and maximum credit of $5,000). This credit would apply to small employers with up to 100 employees over a 3-year period beginning after December 31, 2019 and applies to SEP, SIMPLE, defined contribution plans, and defined benefit plans.

$5,000 withdrawal per parent penalty-free upon the birth/adoption of a child
The new law permits an individual to take a "qualified birth or adoption distribution" of up to $5,000 from an applicable defined contribution plan, such as a 401(k) or an IRA. The 10% early withdrawal penalty will not apply to these withdrawals, and you can repay them as a rollover contribution to an applicable eligible defined contribution plan or IRA.

This is a summary of some of the key provisions that affect retirement plans. If you need more information, please contact us at NH Hicks.

New Plan Set Up Deadlines

The **Setting Every Community Up for Retirement Enhancement (SECURE) Act** was passed in December 2019 and made policy changes that will impact the adoption of new defined contribution plans and defined benefit plans. Here are the new plan deadlines for 2020 and beyond.

Start-Up Safe Harbor Plan: October 1st

This deadline has not changed. If an employer does not currently sponsor a retirement plan and is interested in starting a safe harbor 401(k) plan, the deadline is 90 days before year end. That means October 1, 2020 to install a new safe harbor plan for this year.

Adding Safe Harbor Provisions for 2020: Dates vary

If the client already sponsors a 401(k) plan and is looking to add a safe harbor provision, there are now different deadlines depending on the safe harbor provisions.

- Safe Harbor Match: The deadline to add a safe harbor match remains unchanged at 30 days before the start of the plan year. An employer has until December 1, 2020 to add a safe harbor match for 2021.

- 3% Non-Elective Safe Harbor: A plan sponsor has until 30 days before the end of the plan year to add a 3% non-elective safe harbor provision. That is December 1, 2020 for calendar year plans.

- 4% Non-Elective Safe Harbor: If the plan sponsor misses the 3% safe harbor deadline above, there is a new option available. They can now add a safe harbor non-elective provision up to the last day of the following plan year if the plan sponsor is willing to contribute 4% of pay instead of the 3%. So, they have until December 31, 2021 to add a 4% non-elective safe harbor provision to their plan for 2020.

Profit Sharing or Defined Benefit Plans: Due date of business tax return plus extensions

An employer can now set up a plan, and make deductible contributions, until the due date of the employer's 2020 tax return plus extensions. It is important to note that this only applies to employer contributions, as it is not possible to make 401(k) deferrals retroactively to the previous year. This extra time provides a great opportunity for companies to achieve some additional tax savings right at the time they realize it the most …. as they are looking at a large tax payment due to the IRS.

We think the SECURE Act offers qualified plan opportunities and a little reprieve from the effects of potential procrastination. NH Hicks is always here to help our advisors and clients.

ERISA Fee Disclosures

408(b)(2) and 404(a)(5) are new ERISA regulations that require actions by the sponsors of all retirement plans with participant directed accounts. Each ruling has separate and distinct requirements. The purpose of these regulations is to ensure that plan fiduciaries (and plan participants who direct the investment of their individual accounts) have the information they need to make informed investment decisions.

Although much of the disclosure required by the new regulations is provided by investment companies or other service providers, plan fiduciaries will still need to educate plan participants about the fee disclosure and be prepared for questions from participants who will now see how much they are actually paying for certain services.

Here is a brief summary of these regulations:

- **408(b)(2) Disclosure to Plan Sponsors** – This regulation required "service providers" to provide plan fiduciaries with the following information in writing **by July 1, 2012:**

  1. A description of the services to be provided to the plan and/or plan participants (the services include those of registered investment advisors, brokerage firms, actuaries, accountants, and third party administrators);
  2. The fees and compensation deducted from participants accounts for those services.

  Once the plan sponsor has the disclosure, the next steps are to review it to determine whether the fees and services are reasonable and then document their findings.

  Failure to comply with these 408(b)(2) disclosure regulations constitutes a prohibited transaction subject to a 15% excise tax and exposing the plan fiduciary to personal liability for breach of fiduciary duty.

- **404(a)(5) Disclosure to Plan Participants** – **By August 30, 2012**, plan fiduciaries are required to make their initial disclosure of fees to all eligible employees (participating and nonparticipating), as well as to former employees and beneficiaries with account balances. Under 404(a)(5), plan fiduciaries are required to disclose the following:

  1. The information necessary to make informed decisions when selecting investments;
  2. An explanation of recordkeeping, administrative services and other expenses that are deducted from participant accounts;
  3. Fees for individual transactions, such as loan setup maintenance, and distributions, that are deducted from applicable participant's accounts.

  The first quarterly disclosure of fees actually charged to each participant's account was due on November 14, 2012.

For answers to questions about your fiduciary responsibilities under either the 408(b)(2) service-provider fee disclosure rules or 404(a) participant fee disclosure rules, go to nhhicks.com and click on Hicks Legal.

Determination of Controlled Group and/or Affiliated Service Groups

To determine whether the companies are affiliated or controlled please supply: the name of all business owners, percentage and relationship, each entity type, number of employees, nature of the business nature and any business relationship to one another. Show if any of the businesses provide services to one another or mutual third parties and the percentage of the services provided. List any existing qualified retirement plans the businesses may sponsor.

Controlled Group [IRC Codes 414(b)(c) and 1563]

A Controlled Group exists for businesses with a parent-subsidiary or brother-sister relationship.

Parent-Subsidiary Controlled Group: A parent-subsidiary controlled group exists when one business (common parent) owns at least 80% of one or more other businesses (subsidiaries).

Brother-Sister Controlled Group: A brother-sister controlled group exists when five or fewer persons own 80% or more of the stock value or voting power of each corporation and the same individuals together own more than 50% of the stock value or voting power of each corporation, taking into account the ownership of each person only to the extent such ownership is identical with respect to each organization (e.g. if a common owner owns 30% of one business and 80% of another business, the owner's identical ownership in the two businesses is 30%).

Affiliated Service Group [IRC Code 414(m)]

An Affiliated Service Group (ASG) is a group of employers treated as a single entity because of a combination of ownership and services rendered. An ASG can fall into one of three categories: (1) A-Organization Groups (A-Org) consists of an Organization designated as a First Service Organization (FSO) and at least one A-Org, (2) B-Organization Groups (B-Org) consists of an FSO and at least one B-Org, or (3) Management Groups.

An FSO must be a "service organization". An organization is a service organization if capital is not a material income producing factor. As a general rule, the capital is a material income producing factor if a substantial portion of the income of the business is attributable to the employment of capital in the business (e.g. inventories, plant, machinery, or other equipment.) In a service organization, fees would come from commissions or compensation for personal services, such as health, law, architecture, accounting, performing arts, and consulting.

The A-Organization Groups must consist of an FSO and another service organization, which is known as the A-Org. The A-Org must (1) have ownership interest in the FSO and (2) the A-Org must regularly perform services for the FSO or must be regularly associated with the FSO in performing services for third parties.

The B-Organization Groups must consist of an FSO and another organization, which is known as the B-Org (B-Org does not have to be a service organization). The B-Org must meet all of the following three requirements: (1) a significant portion of its business must be the performance of services for a FSO (or an A-Org with respect to the FSO), (2) the services must be historically performed by employees in the service field of the FSO or the A-Org's, and (3) 10% or more of the interest in the organization must be held, in aggregate, by highly-compensated employees.

The Management Groups must consist of a recipient organization and a management organization. To be an affiliated service group, the management organization's principal business must be the performance of management functions, on a regular and continuing basis for the recipient organization. There does not need to be any common ownership between the management organization and the organization for which it provides service.

Compliance Division Programs

The Internal Revenue Service and Department of Labor offer a comprehensive system of correction programs to sponsors of 401(a), 403(b) and Simplified Employee Pension (SEP) plans. Each program is designed to correct specific problems.

DOL Delinquent Filer Program (DFVCP):

- Failure to file Form 5500.
- The DOL fees for small plans (fewer than 100 participants) are $10 per day after the due date, not to exceed $750 per return, with a maximum of $1,500 for multiple late returns. The DOL fees for large Plans (100 or more participants) are $10 per day after the due date, not to exceed $2,000 per return, with a maximum of $4,000 for multiple returns.
- NHI will charge annual administration fees plus $500 for DOL submission.

IRS Penalty Relief for Late 5500-EZ:

- Failure to file Form 5500-EZ owner-only plans.
- The IRS fee is $500 per delinquent return up to $1,500 per plan.
- NHI will charge $250 for each missed year to prepare 5500-EZ and submission.

IRS Voluntary Correction Program (VCP):

- Failure to timely adopt plan documents or restatement.
- The IRS fees are based on the size of the plan.
- NHI will charge document fees plus $500.

IRS Self Correction Program (SCP):

- Operational Failures such as document amendments, certain loan problems, ADP/ACP tests, top-heavy, 415 limits, and minimum distributions.
- There is no IRS fee.
- NHI will charge a fee of $500.

DOL Voluntary Fiduciary Correction Program (VFCP):

- Late deposit of 401(k) or employer contributions.
- There is no DOL fee.
- NHI will charge a fee of $1,500 (The client could incur additional NHI fees depending on the severity of the violation and the amount of time required.)

Determination of Controlled Groups or Affiliated Services Groups:

- If research needs to be completed to determine whether the companies are affiliated and/or controlled, our fee is $500 for a letter. If we cannot determine whether the companies are affiliated and/or controlled, NHI will charge $2,000 to file for an IRS determination letter.

Plan Audit Services:

- Our fees are $200 per hour.

CalSavers Retirement Savings Program

Beginning on July 1, 2019, California private employers with 5 or more employees, who do not already sponsor a retirement plan, may voluntarily enroll in the CalSavers Retirement Savings Program (CalSavers). Employers that do not voluntarily enroll *must* enroll in CalSavers according to the following schedule:

100 or more employees	June 30, 2020
50 to 99 employees	June 30, 2021
5 to 49 employees	June 30, 2022

The key features of the CalSavers program are shown below:

- This is a workplace retirement savings program for employers with at least 5 employees that do not sponsor their own retirement plans ("Eligible Employers"). This may mean a 401(k) plan, a 403(b) plan, a SEP or SIMPLE plan, or a multiple employer (union) plan.
- CalSavers applies to private for-profit and non-profit employers, but not to federal or state governmental entities.
- CalSavers requires employees at least age 18 and receiving a Form W-2 from an eligible employer, to be automatically enrolled in the CalSavers program after a 30 day period, during which they may either opt out, or customize their contribution level and investment choices.
- The default is an employee contribution of 5% of their wages subject to income tax withholding, automatically increasing each year by 1% to a maximum contribution level of 8%. Employer contributions currently are prohibited.
- Eligible Employers who enroll in CalSavers will provide some basic employee roster information to CalSavers. CalSavers will then contact employees directly to notify them of the program and to instruct them about how to enroll or opt-out online. Those who enroll will have an online account which they can access in order to change their contribution levels or investment selections
- Once an Eligible Employer has enrolled in CalSavers, their subsequent obligations are limited to deducting and remitting each enrolled employee's contributions each pay period, and to adding new eligible employees within 30 days of hire (or of attaining eligibility by turning age 18, if later).
- Eligible Employers are shielded from fiduciary liability to employees that might otherwise arise regarding investment performance or other aspects of participation in the CalSavers program.
- There are employer penalties for noncompliance. The penalty is $250 per eligible employee for failure to comply after 90 days of receiving the CalSavers notification, and $500 per eligible employee if noncompliance extends to 180 days or more after the notice.

Here are some online resources for Eligible Employers:

- Employer checklist to help employers prepare for enrollment,
- CalSavers Program Disclosure Booklet providing details of the program, and
- Online FAQs.

NH HICKS

FEES FOR SERVICES

401(k) Profit Sharing Plans:
Installation/Documents (takeover no charge) ....$1250 + $10 per eligible participant
Administration ....$1350 + $30 per eligible participant

Defined Benefit Plans:
Installation/Documents (takeover no charge) ....$1350 + $10 per eligible participant
Administration including actuarial certification ....$2200 + $50 per eligible participant

DB/DC Combination Plans:
Installation/Documents (takeover no charge) ....$2700 + $20 per eligible participant
Administration including actuarial certification ....$3650 + $50 per eligible participant

*Additional Fees will be added for the installation and administration of Cash Balance Plans

Owner Only –401(k):
Installation/Documents (takeover no charge) $550
Administration (assets less than $250,000).....................................$300
Administration (assets $250,000 and more)...................................$550

Owner Only – Defined Benefit Plan:
Installation/Documents (takeover no charge) $1300
Administration including actuarial certification $1700

Owner Only – DB/DC Combination Plans:
Installation/Documents (takeover no charge) $1700
Administration including actuarial certification $2100

Special Transactions:

Defined Contribution Plans
Comparability allocation (multiple runs) $250
Amendments, trust accounting or 5500 audit consulting ....$125 per hour
Distributions or extensions (annual loan $35) ....$ 95
QDRO or RMD..$225
Cycle 3 Restatements (Owner only $550).......................................$950

Defined Benefit Plans
PBGC Reporting $225
Trust accounting or 5500 audit consulting.......................................$125 per hour
Distributions or amendments $225
Loans (annual loan $35) or Extensions...$ 95

Our fees are offset by all third party payments we receive from investment companies.

5-19-2021