

NH HICKS

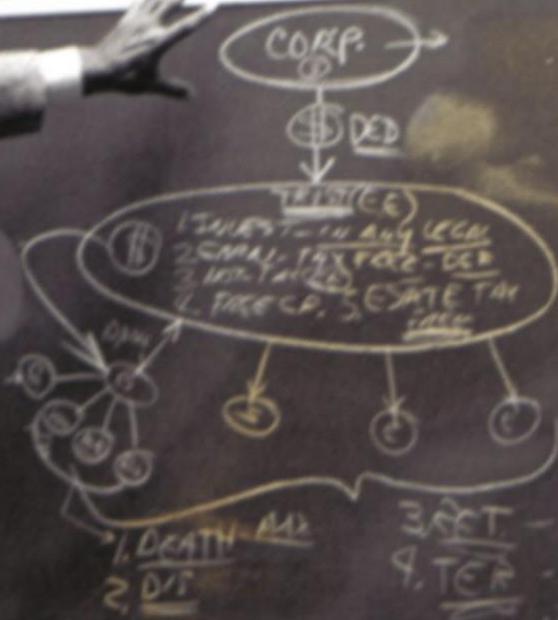
Legal and Pension Consultants

Selling Retirement Plans

2024

Experience Counts





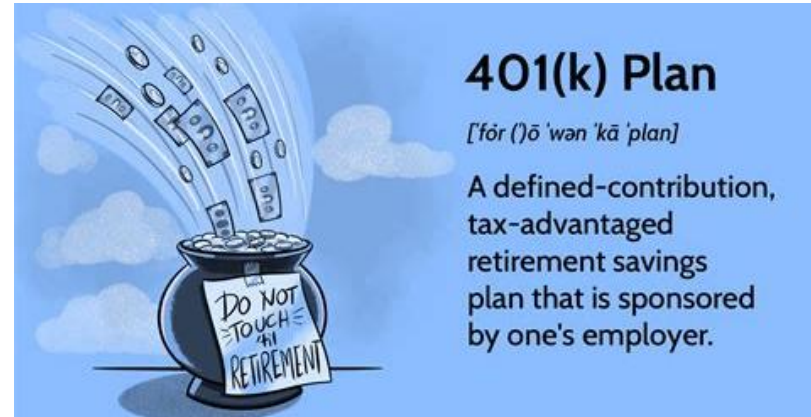
Sales Webinar Outline & Overview

- Getting Started Financial Advisor Questions
- Importance Of Plan Reviews
- Every Plan Starts With A Design
- Understanding Plan Design
- Raise Your Proposal Expectations
- Insights of MEPs, PEPs, & Other Platforms
- Navigating The Fiduciary Landscape
- New Plan Set Up Deadlines
- Key Secure 2.0 Sales Information
- Working With NH Hicks Team



Why Sell Retirement Plans?

- **Enhance Business Owner Relationship**
 - Introduction Conversation
 - Existing Client in Other Lines of Business
 - Become part of the Business Owner's Succession Planning
- **Continuous Asset Growth by Monthly Contributions**
- **Established Trust Relationship with 401(k) Participants to Market Other Business Opportunities**



401(k) Plan

['fɔr ('i)ō 'wæn 'kɑ 'plan]

A defined-contribution, tax-advantaged retirement savings plan that is sponsored by one's employer.

What Are You Selling?

- Investment Selection Process
- Team Expertise
- Planning Resources to Business Owner & Executive Team
- Plan Design Sophistication
- White Glove Service in Day-To-Day Operations
- Participant Experience
- Provider Partnerships
- Technology & Convenience
- Price
- Fiduciary Protection
- Whatever It Is ... Know Your Sales Story!



Who Are You Selling To?

- Doctor & Dentist Offices
- Law Offices
- Manufacturing
- Technology
- Agriculture
- Non-profits
- Hotels & Restaurants
- Every Industry has its own Characteristics that you need to be Familiar with in Administering Retirement Plans ...



Where To Find Prospects?

- Current Relationships
- Ask for Clients for Referrals
- Professional Organizations
- Do your EFAST Homework
- Larkspur Data Executive Plans
- Social Media / Internet Marketing



Form 5500-SF		Short Form Annual Return/Report of Small Employee Benefit Plan		OMB Nos. 1510-0110 1510-0089
Department of the Treasury Internal Revenue Service		This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).		2019 This Form is Open to Public Inspection
Department of Labor Employee Benefits Security Administration		Complete all entries in accordance with the instructions to the Form 5500-SF.		
Part I Annual Report Identification Information For calendar plan year 2019 or fiscal plan year beginning and ending				
A This return/report is for: <input type="checkbox"/> a single-employer plan <input type="checkbox"/> a multiple-employer plan (not multiemployer) (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) <input type="checkbox"/> a one-participant plan <input type="checkbox"/> a foreign plan				
B This return/report is <input type="checkbox"/> the first return/report <input type="checkbox"/> the final return/report <input type="checkbox"/> an amended return/report <input type="checkbox"/> a short plan year return/report (less than 12 months)				
C Check box if filing under: <input type="checkbox"/> Form 5558 <input type="checkbox"/> automatic extension <input type="checkbox"/> DFVC program <input type="checkbox"/> special extension (enter description)				
Part II Basic Plan Information —enter all requested information				
1a Name of plan				1b Three-digit plan number (PN) ▶
				1c Effective date of plan



Who Are Your Provider Partners?

Advisor

WIN – Service Quality



WIN – Team Efficiency

Clients

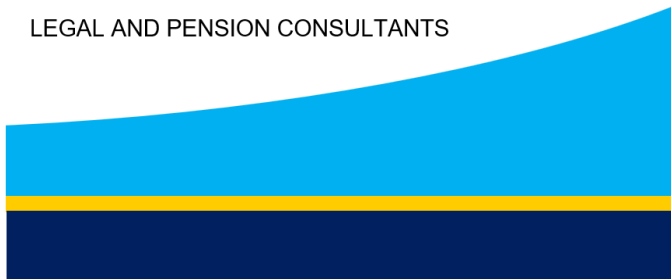
WIN – Referral Business



TPAs

NH HICKS

LEGAL AND PENSION CONSULTANTS



Investment Providers



Importance Of Plan Reviews

Critical for WINNING & RETAINING Business

Great Opportunity to Gain Constructive Feedback

Who Does What?

401(k) Service Providers

Recordkeeper

**Third Party
Administrator (TPA)**

**Financial Wellness
Provider**

**Retirement Plan
Advisor**

Plan Responsibilities

Processing
enrollments

Distributing
participant notices

Nondiscrimination
testing

Providing financial
education

Fee
benchmarking

Investment
monitoring

Processing
payroll

Tracking
401(k) loans

Content Areas Of Plan Reviews

Plan Administration

- ❖ Ease of administration for payroll, notices, 5500 filing,...
- ❖ Quality of service and communication response time
- ❖ Accuracy/IRS issues
- ❖ Internal company contact changes
- ❖ Restatement process
- ❖ Fees & offsets

Plan Design

- ❖ Company outlook
- ❖ Optimizing design to meet employer contribution goals as a percentage of cost to the employees
- ❖ Redesign 401(k) or add DB/CB
- ❖ Review testing results and any implications

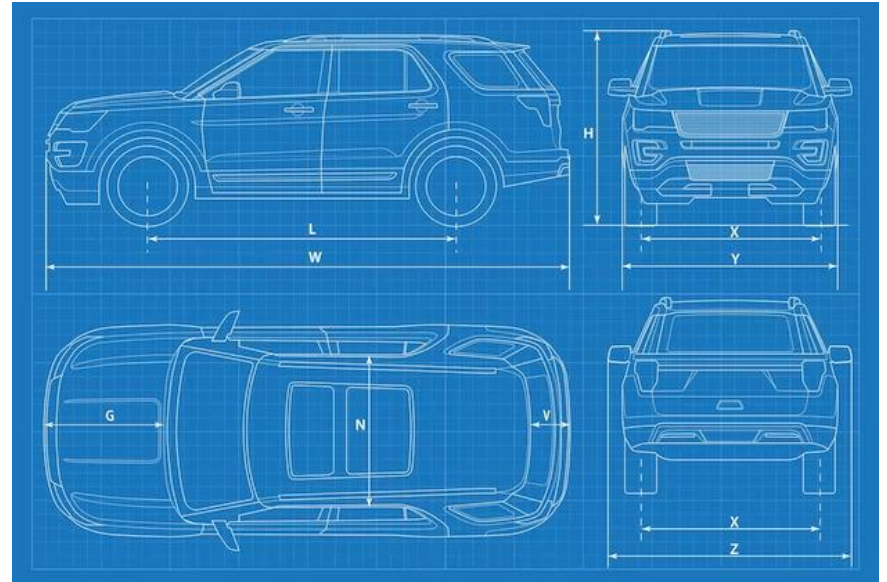
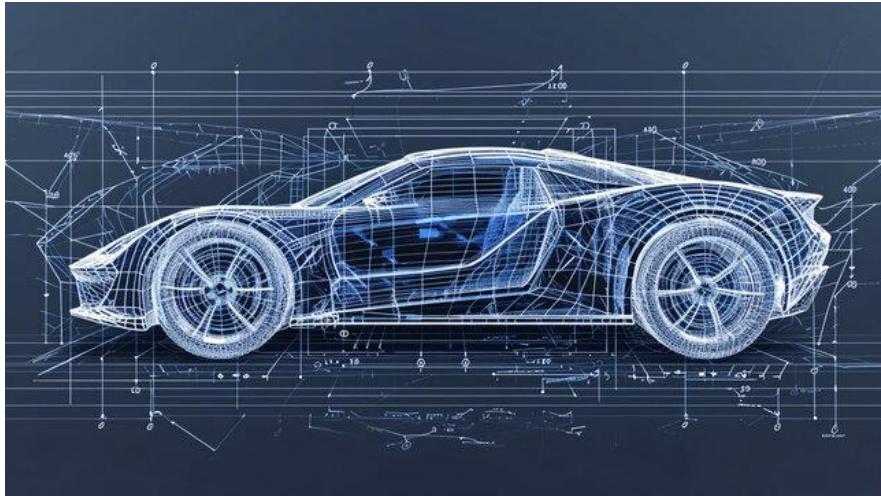
Plan Investments

- ❖ Benchmarking asset class investments return & risk
- ❖ Investment option pool & selection process
- ❖ QDIA* review
- ❖ All-In-One investment options
- ❖ Fund & wrap fees

Participant Experience

- ❖ Enrollment meetings, financial wellness platform, ongoing participant education & 1x1 consultations
- ❖ Recordkeeper resources that would could include website, app, planning calculators, income projections, data integrations & language assistance
- ❖ Fee disclosures

Every Plan Starts With A Design
Critical 1st Step Is Design ... Not Accessories



Employer Plan Design Considerations

Ask The Questions

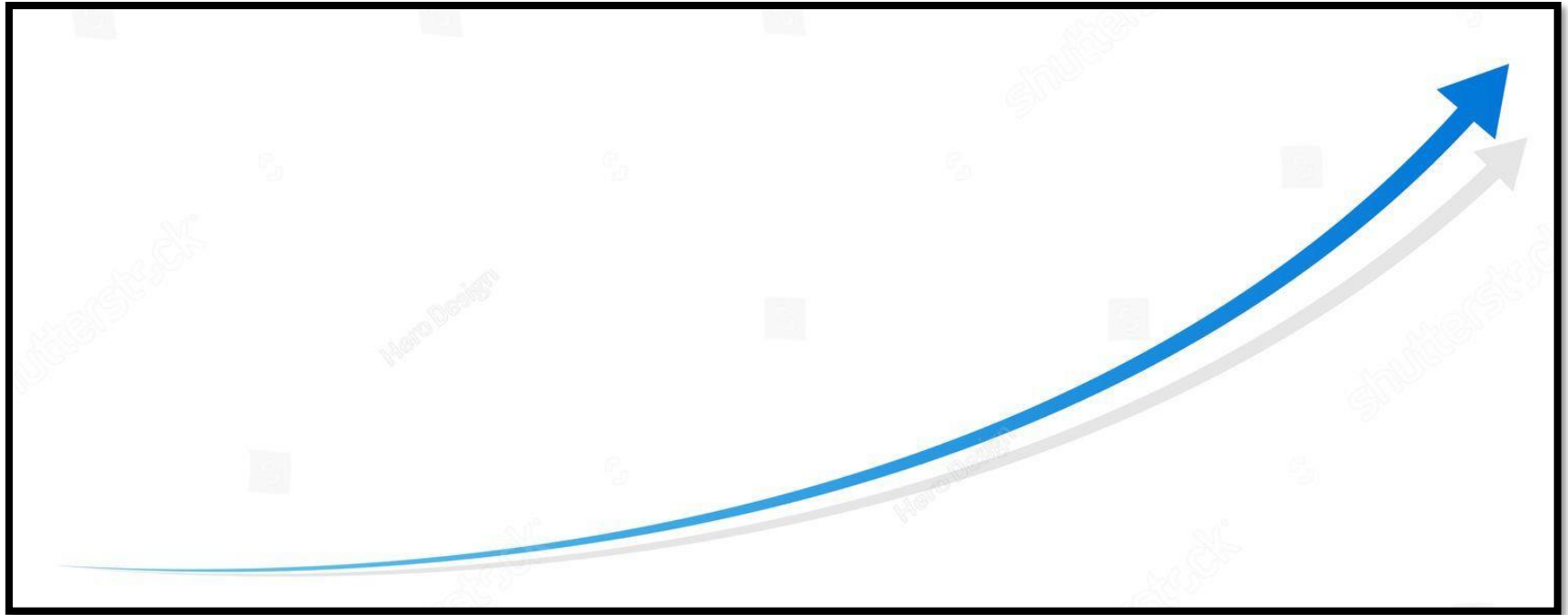


SCENARIO 1		
Only active employees		
ID	# OF EMPLOYEES	
1		29-Nov-2012
2 Baker		22-Mar-2014
3 Clark		19-Jul-2018
4 Davis		18-Jun-2002
5 Evans		04-Mar-2021

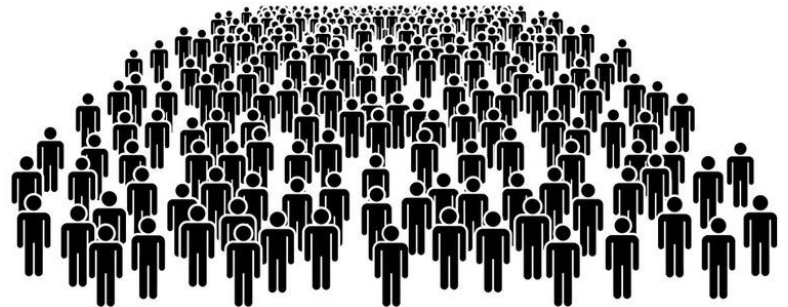


Plan Design Spectrum

Employer Costs to Employees (\$)



Number of Employees (#)



Employer Tax Benefit Plan

Employee Benefit Plan

Table of Limits

	2023	2024
<u>COMPENSATION LIMIT</u> - plan year beginning	330,000	345,000
<u>DC ANNUAL ADDITION LIMIT</u> - plan year ending	66,000	69,000
<u>401(k) DEFERRAL LIMIT</u> - calendar not plan year	22,500	23,000
<u>CATCH-UP DEFERRAL LIMIT</u> - calendar not plan year	7,500	7,500
<u>DB ANNUAL BENEFIT LIMIT</u>	265,000	275,000

HIGHLY COMPENSATED EMPLOYEE

Employee is considered highly compensated if owner in current or prior plan year. Compensation definition only required to be met in prior plan year.

1) Over 5% owner		
2) Any employee (may limit to top 20%)	150,000	155,000
3) Spouse or linear relation		

KEY EMPLOYEE

Employee is considered key if meets definition in current plan year.

1) Over 5% owner		
2) Over 1% owner	150,000	150,000
3) Officer (count at least 1)	215,000	220,000
4) Spouse or linear relation		

<u>TAXABLE WAGE BASE</u>	160,200	168,600
---------------------------------	---------	---------



401(k) Outline 2024

401(k)

100% up to \$23,000
(age 50 - \$7,500 catch-up)

MATCH

Limit combined with
Profit Sharing

PROFIT SHARING

0-25% eligible
Compensation

ELIGIBILITY ENTRY VESTING

DISCRIMINATION TESTING

- ADP Test
- Top-heavy

SAFE HARBOR

- 100% Vested
- 3% Non-elective or 4% Match
- Terminated participants receive contribution

TRUST

- Deposits not taxed to employee
- Tax deferred growth
- Protected from Creditors

ALLOCATION

- Proportional
- Age Weighted
- SS Integrated
- New Comparability

INDIVIDUAL LIMIT

100% up to \$69,000
(\$76,500 if age 50)

COMPENSATION LIMIT

\$345,000

Allocation Comparisons

Assumptions		25% Salary Proportional	Age Weighted	New Comp.
Age	Salary			
*55	\$50,000	\$12,500	\$31,098	\$28,750
50	50,000	12,500	20,681	6,000
*45	50,000	12,500	13,754	28,750
40	50,000	12,500	9,147	6,000
35	50,000	12,500	6,083	6,000
30	50,000	12,500	4,046	6,000
25	50,000	12,500	2,691	6,000
	\$350,000	\$87,500	\$87,500	\$87,500

Required to pass Average Benefits Test

* Denotes ownership group

SEP vs. SOLO(k)

Comp.	25% SEP	25% PS + 401(k)
\$276,000	\$69,000	\$69,000
Total	\$69,000	\$69,000

\$276,000 Break Even SEP vs. 401(k) with \$69,000 Contribution

SEP vs. SOLO(k)

Comp.	25% SEP	25% PS + 401(k)
\$100,000 Owner 57	\$25,000	\$25,000 +30,500
Total	\$25,000	\$55,500

SEP vs. SOLO(k)

Comp.	25% SEP	25% PS + 401(k)
\$100,000 Owner 57	\$25,000	\$25,000 +30,500
\$40,000 Spouse 57	\$10,000	\$10,000 +30,500
Total	\$35,000	\$96,000

SEP vs. SOLO(k) vs. DB vs Combo

Comp.	25% SEP	25% PS + 401(k)	DB	DB + 401(k)
\$100,000 Owner 57	\$25,000	\$25,000 +30,500	\$272,700	\$309,200
\$40,000 Spouse 57	\$10,000	\$10,000 +30,500	\$248,000	\$280,900
Total	\$35,000	\$96,000	\$520,700	\$590,100



Defined Benefit Plan

General Assumptions

Age 48	NRA* 62	Life Exp. 85
Comp. \$225,000	Fund \$2,852,000	Pay \$225,000
Requires \$153,000 contribution		

- DB Chart
- Retirement age
- Permanency
- Interest rates
- Investment return goal
- Funding min-max range
- Overfunding
- Unable to fund
- Freezing
- Terminating

*NRA stands for Normal Retirement Age

2024 Defined Benefit Contribution Table

Ages/Comp	30,000	50,000	70,000	90,000	110,000	130,000	150,000	170,000	190,000
32	45,127	75,212	91,579	91,579	91,579	91,579	91,579	91,579	91,579
34	49,403	82,338	100,969	100,969	100,969	100,969	100,969	100,969	100,969
36	54,083	90,139	111,328	111,328	111,328	111,328	111,328	111,328	111,328
38	59,207	98,679	122,755	122,755	122,755	122,755	122,755	122,755	122,755
40	64,817	108,029	135,351	135,351	135,351	135,351	135,351	135,351	135,351
42	70,992	118,320	149,248	149,248	149,248	149,248	149,248	149,248	149,248
44	77,787	129,646	164,595	164,595	164,595	164,595	164,595	164,595	164,595
46	85,217	142,028	181,541	181,541	181,541	181,541	181,541	181,541	181,541
48	93,339	155,566	200,253	200,253	200,253	200,253	200,253	200,253	200,253
50	102,220	170,366	220,910	220,910	220,910	220,910	220,910	220,910	220,910
52	111,928	186,548	243,717	243,717	243,717	243,717	243,717	243,717	243,717
54	122,543	204,239	268,985	268,985	268,985	268,985	268,985	268,985	268,985
56	134,148	223,580	296,955	296,955	296,955	296,955	296,955	296,955	296,955
58	137,621	229,369	310,921	310,921	310,921	310,921	310,921	310,921	310,921
60	131,385	218,976	301,092	301,092	301,092	301,092	301,092	301,092	301,092
62	124,894	208,158	291,420	319,960	319,960	319,960	319,960	319,960	319,960
64	118,125	196,876	275,625	341,887	351,937	351,937	351,937	351,937	351,937

- Contributions based on NRA 62 and 5 Years of Participation.
- Net Comp is W-2 wages, or self-employment income less self-employment tax deduction and pension deduction for the self employed and his/her share of any employee cost.
- Contribution amounts may be less when using a DB/DC Combo design.

Plan Comparisons

	25% SEP
Owner 57 \$100,000	\$25,000
Spouse 57 \$40,000	\$10,000
Jack 30 \$50,000	\$12,500
Jill 25 \$50,000	\$12,500
ER Cont EE Cont ER %	\$35,000 \$25,000 58%

Plan Comparisons

	25% SEP	3% Match SIMPLE
Owner 57 \$100,000	\$25,000	\$3,000 +19,500
Spouse 57 \$40,000	\$10,000	\$1,200 +19,500
Jack 30 \$50,000	\$12,500	\$1,500 +16,000
Jill 25 \$50,000	\$12,500	\$1,500 +16,000
ER Cont	\$35,000	\$43,200
EE Cont	\$25,000	\$3,000
ER %	58%	94%

Plan Comparisons

	25% SEP	3% Match SIMPLE	401(k) PS
Owner ⁵⁷ \$100,000	\$25,000	\$22,500	\$38,500 +30,500
Spouse ⁵⁷ \$40,000	\$10,000	\$20,700	\$14,000 +30,500
Jack ³⁰ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000
Jill ²⁵ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000
ER Cont	\$35,000	\$43,200	\$113,500
EE Cont	\$25,000	\$3,000	\$5,000
ER %	58%	94%	96%

Plan Comparisons

	25% SEP	3% Match SIMPLE	401(k) PS	DB
Owner ⁵⁷ \$100,000	\$25,000	\$22,500	\$69,000	\$366,300
Spouse ⁵⁷ \$40,000	\$10,000	\$20,700	\$44,500	\$117,800
Jack ³⁰ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000	\$60,300
Jill ²⁵ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000	\$44,300
ER Cont	\$35,000	\$43,200	\$113,500	\$484,100
EE Cont	\$25,000	\$3,000	\$5,000	\$104,600
ER %	58%	94%	96%	82%

Plan Comparisons

	25% SEP	3% Match SIMPLE	401(k) PS	DB	DB/401(k) Combo
Owner ⁵⁷ \$100,000	\$25,000	\$22,500	\$69,000	\$366,300	\$363,300 +30,500
Spouse ⁵⁷ \$40,000	\$7,500	\$20,700	\$44,500	\$117,800	\$117,800 +30,500
Jack ³⁰ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000	\$60,300	\$6,850 +23,000
Jill ²⁵ \$50,000	\$12,500	\$1,500 +16,000	\$2,500 +23,000	\$44,300	\$6,850 +23,000
ER Cont	\$32,500	\$43,200	\$113,500	\$484,100	\$545,100
EE Cont	\$25,000	\$3,000	\$5,000	\$104,600	\$13,700
ER %	57%	94%	96%	82%	98%

Raise Your Proposal Expectations

Starts With Funding Information



401(k) & Cash Balance Combo Plan Max

Participant	Comp	CB	401(k)	3% SH	PS	Total
Owner	\$150,000	\$232,995	\$30,500	\$0	\$100	\$263,595
Owner Spouse	\$22,000	\$0	\$15,000	\$0	\$100	\$15,100
Owners	\$172,000	\$232,995	\$45,500	\$0	\$200	\$278,695
Employees	\$578,000	\$9,175	\$20,500	\$11,010	\$56,425	\$97,110
Grand Total	\$750,000	\$242,170	\$66,000	\$11,010	\$56,625	\$375,805

- The **owner** is shown deferring the 2024 maximum 401(k) deferral plus catch-up provision of \$30,500. The owner is shown to receive a 155.3% cash balance contribution of \$232,995 with a \$100 profit sharing contribution.
- The **owner's spouse** is shown deferring \$15,000 of her \$22,000 compensation with a \$100 profit sharing contribution.
- All **non-highly compensated participants** receive a 3% compensation non-elective safe harbor contribution, with an additional 5% profit-sharing and a 2.5% cash balance contribution.
- **Contribution Summary:** The **total employer cost would be \$355,305 with \$278,695 (78.4%) allocated to Matthew and Meagan**, and \$76,610 (21.6%) allocated to employees.

Raise Your Proposal Expectations

Simple Tax Summary Benefit



For Plan Year 1/1/24 - 12/31/24

401(k) / Profit Sharing / Cash Balance Plan Tax Summary Report

Assumed Tax Brackets	15%	34%
Employer Contribution (Including Owner Deferrals)	\$355,305	\$355,305
Estimated Tax Savings	\$53,296	\$120,804
Net Cost After Estimated Tax Savings	\$302,009	\$234,501
Contribution For Principals (Including Deferrals)	\$278,695	\$278,695
Net Cost Of Plan (After Principal Contribution And Tax Savings)	\$23,314	-\$44,194

Raise Your Proposal Expectations

Clearly Identified Fees



Fees

Cash Balance and 401(k) Plan

Installation of both Plans

Plan Document, forms, and SPD	\$2,900
-------------------------------	---------

Annual Administration

Base Fee	\$4,350
Per Participant Fee (8 @ \$50)	<u>\$400</u>
	\$4,750

Start-Up Tax Credits

Plan Cost Credit

Number of Employees with compensation of \$5,000 or more	8
Number of eligible NHCEs	5
Cost Credit (5 x \$250)	\$1,250
Subject to minimum (\$500) and maximum (\$5,000) caps	\$1,250
Start-Up Cost Tax Credit Percentage	100%

Plan Cost Tax Credit is lesser of \$1,250 and 100% of eligible Start-Up Plan Costs.*

Employer Contribution Credit

Number of Employees with compensation of \$5,000 or more	8
Number of eligible Employees with compensation \$100,000 or less	5
Total Employer Contribution (subject to \$1,000 cap per employee)	\$4,100
Employer Contribution Tax Credit Percentage	100%
Employer Contribution Tax Credit	\$4,100

Employer Contribution Tax Credit is \$4,100.

MEPs, PEPs & Other Platforms

Multiple Employer Plans (MEP)

- Available to businesses in same industry

Pooled Employer Plans (PEP)

- No restriction business industry

Payroll Companies

Technology Platforms

Small Plan Bundled Providers

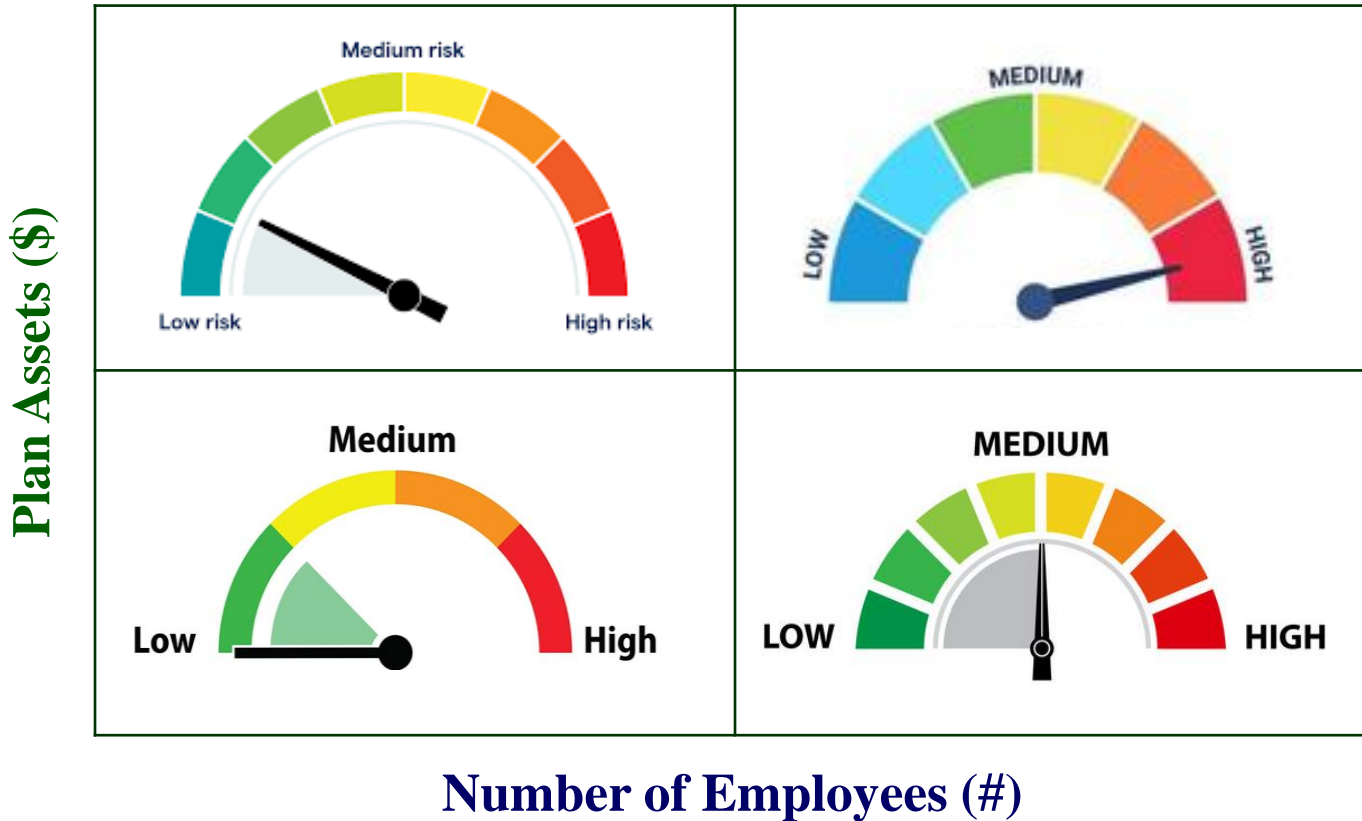


Recent Article Headline

Unlocking the Potential of Pooled Employer Plans (PEPs): Boost Productivity and Maximize Fiduciary Protection.

Fiduciary Risk

“Legal requirement to act in the best interest of the entity.”



Fiduciary Designations

Investment Fiduciary		Administrative Fiduciary
3(21) Fiduciary Advisor	3(38) Investment Manager	3(16) Plan Administrator
States in writing co-fiduciary status	States in writing co-fiduciary status	Named in Plan Document and acts as Plan Administrator
Assists in drafting IPS*	Drafts IPS*	Oversees plan administration operations, and documentation
Helps design fund menu	Builds fund menu	Selection, evaluation, & monitoring of all plan providers
Provides ongoing investment monitoring & reporting	Provides ongoing investment monitoring & reporting	Evaluation and reasonableness of all plan fees
Presents investment advice, but does not make final fund decisions	Supplies investment documentation and makes final fund decisions	Reviews and approves annual plan testing and trust accounting
Recommends fund change mapping strategies	Determines fund change mapping strategies	Approves, signs, and files form 5500 on behalf of the plan

A plan sponsor may delegate fiduciary liability and responsibilities to a third party; however, they retain a fiduciary obligation to ensure that the providers are properly fulfilling their duties.

*IPS stands for Investment Policy Statement



Plan Set Up Deadlines

Adding a New Profit-Sharing Plan for 2023

- Deadline: September 15, 2024

Adding a New Defined Benefit Plan for 2023

- Deadline: September 15, 2024

New Safe Harbor Non-elective 401(k) Plan for 2024

- Deadline: October 1, 2024
 - ☐ Can Implement a Non-elective 3% Safe Harbor

Adding Safe Harbor Non-elective to Existing 401(k) Plan for 2024

- Amend plan document by November 30, 2024
 - ☐ Can implement a Non-elective 3% Safe Harbor
- Amend plan document by December 31, 2025
 - ☐ Can implement a Non-elective 4% Safe Harbor

Adding a Safe Harbor Match 401(k) Plan for January 1, 2025

- Deadline: November 15, 2024
- Employees need to receive notices by November 30, 2024

Key SECURE Act 2.0 Sales Information

Key provisions to incentivize sales

- Provides additional financial assistance through Start-up Credit, Employer Contribution Credit, and Automatic Enrollment Credit.
- As of January 1, 2024, you can now terminate a SIMPLE IRA mid-year and replace it with a Safe Harbor Non-elective 3% 401(k) Plan.



Sales Webinar Outline & Overview

- Getting Started Financial Advisor Questions
- Importance Of Plan Reviews
- Every Plan Starts With A Design
- Understanding Plan Design
- Raise Your Proposal Expectations
- Insights of MEPs, PEPs, & Other Platforms
- Navigating The Fiduciary Landscape
- New Plan Set Up Deadlines
- Key Secure 2.0 Sales Information
- Working With NH Hicks Team



Your NH Hicks Marketing Team

Chris Ressa

(916) 316-5932 cressa@nhhicks.com

Debbie Rath

(530) 891-4975 drath@nhhicks.com

Samantha Nethington

(530) 891-4975 snethington@nhhicks.com

Tom Hicks

(530) 521-7024 tomhicks@nhhicks.com

www.nhhicks.com

NH HICKS

Legal and Pension Consultants

Experience Counts