

NH HICKS & VANGUARD

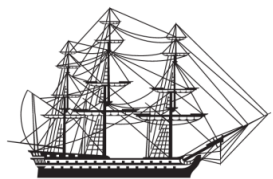
Workshop

Selling Retirement Plans

October 1st, 2025

People Matter & Experience Counts

Presenters



Vanguard®

NH HICKS

LEGAL AND PENSION CONSULTANTS

Ron VanRell (480) 713-7011 ronald_vanrell@vanguard.com

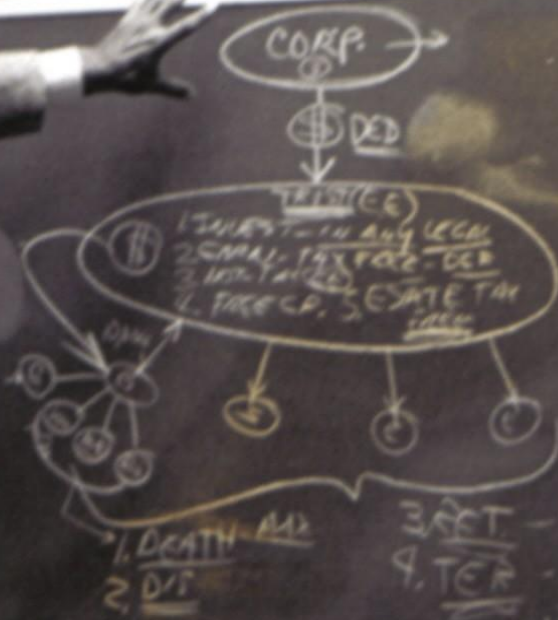
- o 25 years as a Vanguard veteran
- o Has held multiple sales and leadership positions
- o QKA and QKC American Society of Pension Professionals & Actuaries (ASPPA) designations

Chris Ressa (916) 316-5932 cressa@nhhicks.com

- o 2nd year as a TPA consultant with NH Hicks
- o 15 years as an advisor focused on selling and managing retirement plans
- o 19 years as an educator and coach

[Vanguard Learn Library](#)

[NH Hicks Website](#)



401(k) Sales Workshop Agenda



- Key Questions Getting Started
- Every Plan Starts With A Design
- Navigating The Fiduciary Landscape

Why Sell Retirement Plans

See The Big Picture

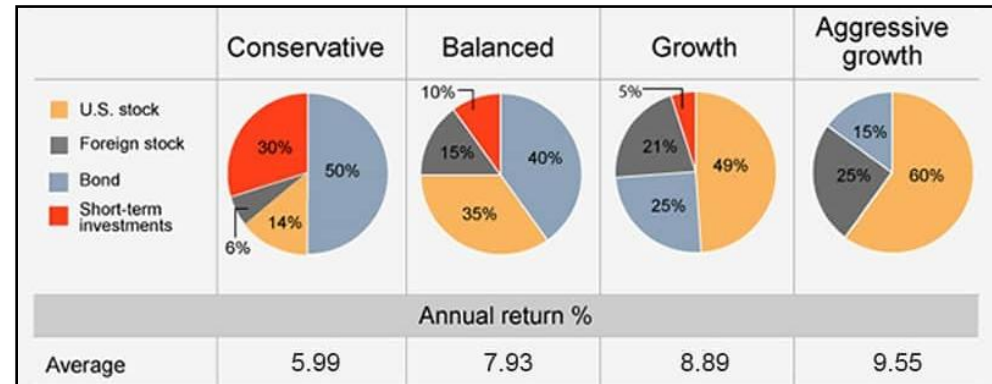
- **Enhance Business Owner Relationship**
 - Introduction Conversation
 - Existing Client in Other Lines of Business
 - Become part of the Business Owner's Succession Planning
- **Continuous Asset Growth by Monthly Contributions**
- **Established Trust Relationship with 401(k) Participants to Market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



What Are You Selling?

Whatever It Is ... Know Your Sales Story!

- Team Expertise
- Investment Selection & Education
- Participant Experience
- Plan Sponsor Experience
- Provider Partnerships
- Fiduciary Protection
- Price



Who Are You Selling To

Does your sales story have a niche market?

- Doctor & Dentist Offices
- Law Offices
- Manufacturing
- Agriculture
- Hotels & Restaurants
- Every industry has its own characteristics that you need to be familiar with in administering retirement plans ...



Small Plan Market Opportunity

*Clippings from planadviser article on
January 9, 2025*

Micro-401(k) Plan Market Ripe for Non-Specialist Adviser Growth



The market for 401(k) plans with less than \$5 million in assets is poised to hit 1 million plans by the end of the decade, with wealth advisers poised to capitalize

the micro-plan 401(k) market—those with less than \$5 million in assets—will rise to more than 1 million plans by about 2029, driven in part by state mandates and federal tax incentives, according to a [retirement markets](#) report

Non-specialist wealth advisers, in particular, may particularly benefit because they will “capitalize on existing relationships with small business owners to sell retirement plans to these clients,”

Where To Find Prospects

Building your referral network - playing the long game

- Current Relationships ... Clients, Business Owners, Provider Partners, ...
- Ask For Referral Introductions
- Professional Organizations
- Social Media / Internet Marketing
- EFAST 5500 Data Mining
- Larkspur Data Executive Plans
- Paying For Qualified Leads



Who Are Your Provider Partner Specialists

Ultimate Team Business Industry

Advisor

Plan review coordinator, investment selection & monitoring, participant education.



CPA



Client



Payroll

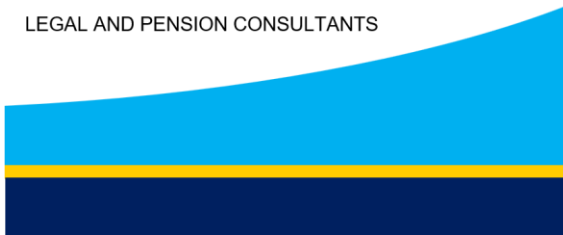


TPA – Administration

Tailored plan design consultation,
personalized administration support.

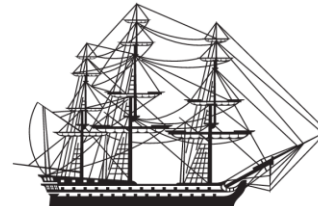
NH HICKS

LEGAL AND PENSION CONSULTANTS



Investment Recordkeeper

Participant website and app, plan asset
custodian, plan sponsor operations & reporting.

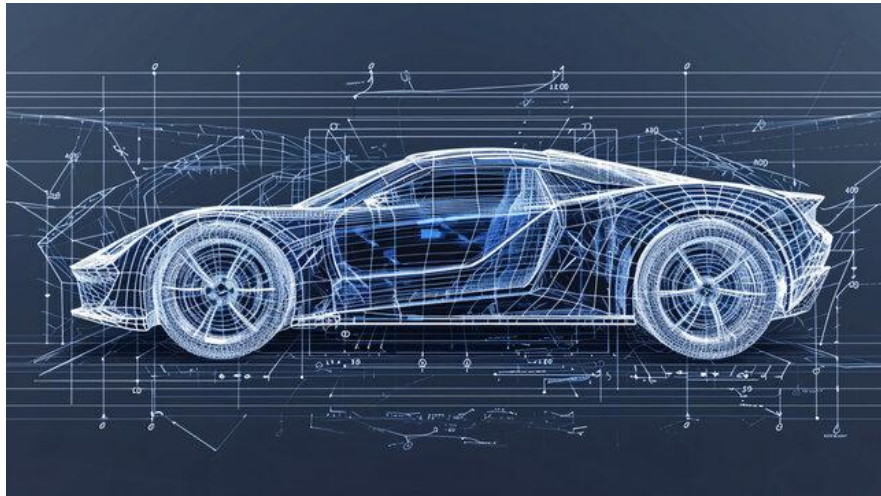


Vanguard®

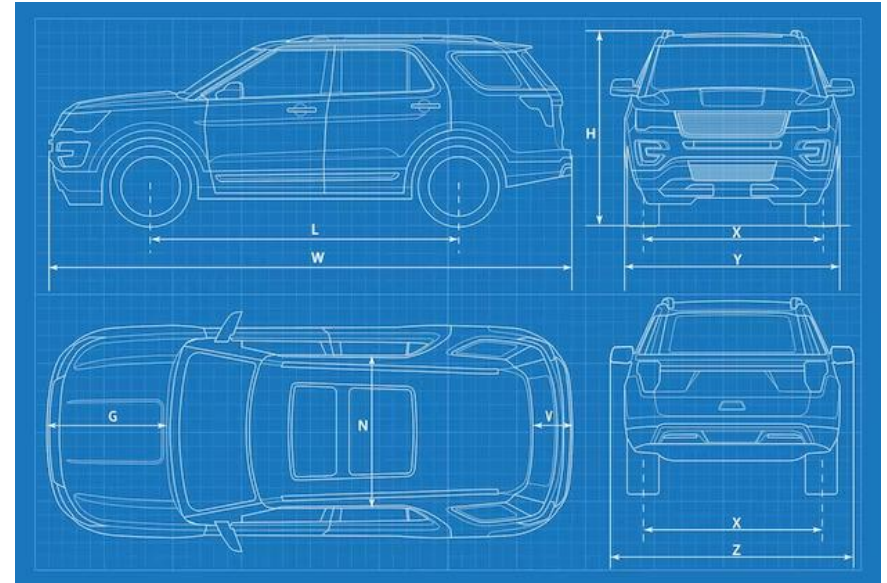
Every Plan Starts With A Design

*Prospect Meeting Critical 1st Step Is Design ...
Not Accessories*

Designed For Speed



Designed For A Family



Employer Plan Design Considerations

Ask The Questions

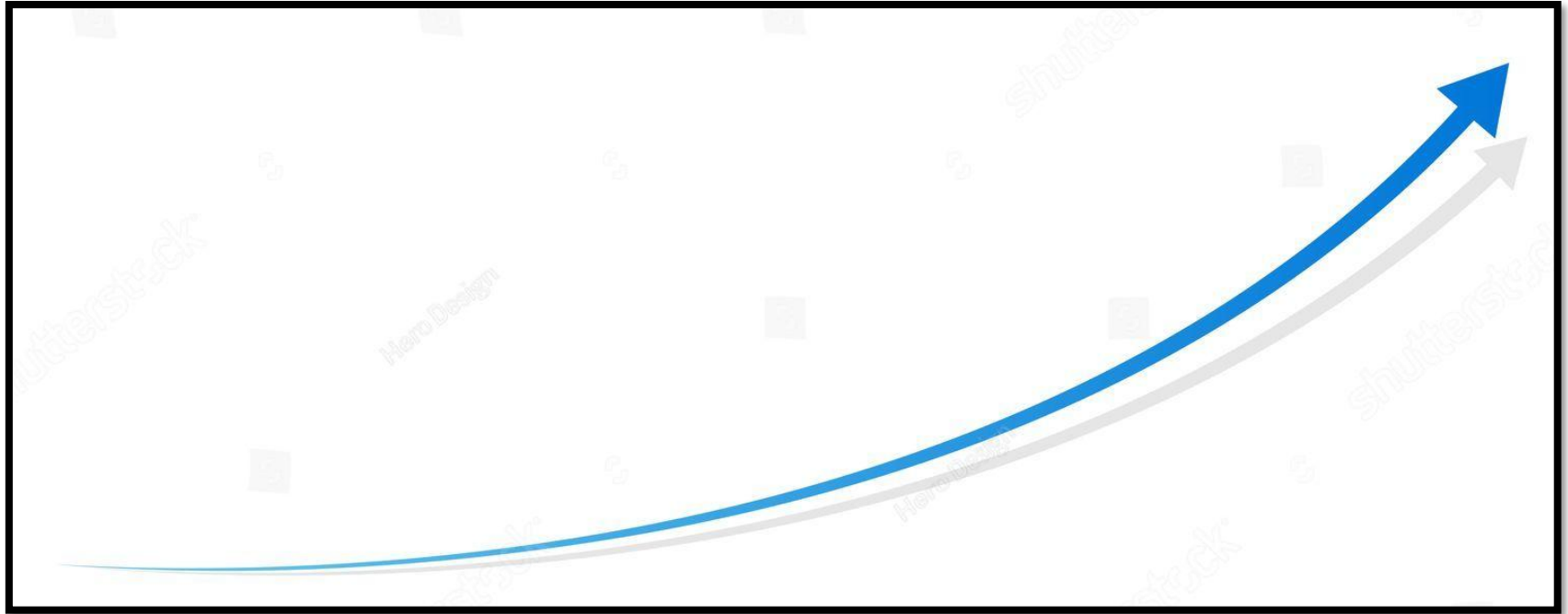


SCENARIO 1		
Only active employees		
ID	# OF EMPLOYEES	
1		29-Nov-2012
2 Baker		22-Mar-2014
3 Clark		19-Jul-2018
4 Davis		18-Jun-2002
5 Evans		04-Mar-2021

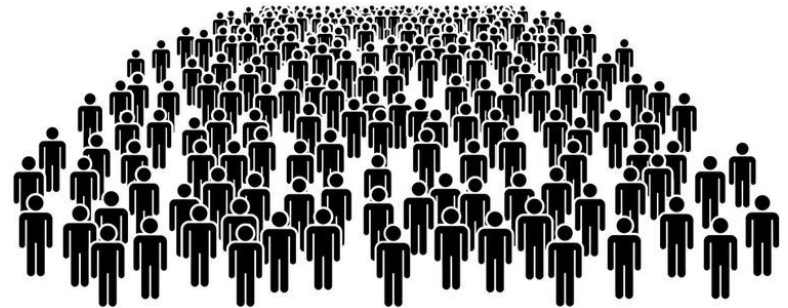


Plan Design Spectrum

Employer Costs to Employees (\$)



Number of Employees (#)



Employer Tax Savings Plan

Employee Benefit Plan

Table of Limits



	2024	2025
<u>COMPENSATION LIMIT</u> - <i>plan year beginning</i>	345,000	350,000
<u>DC ANNUAL ADDITION LIMIT</u> - <i>plan year ending</i>	69,000	70,000
<u>401(k) DEFERRAL LIMIT</u> - <i>calendar not plan year</i>	23,000	23,500
<u>CATCH-UP DEFERRAL LIMIT</u> - <i>calendar not plan year</i>	7,500	7,500
<u>CATCH-UP LIMIT AGES 60 TO 63</u> - <i>calendar not plan year</i>	N/A	11,250
<u>DB ANNUAL BENEFIT LIMIT</u>	275,000	280,000
<u>TAXABLE WAGE BASE (EE 6.2% / ER 6.2%)</u>	168,600	176,100
<u>MEDICARE TAX RATE (EE 1.45% / ER 1.45%)</u>	No Limit	No Limit

401(k) Outline 2025

401(k)

100% up to \$23,500
(age 50 - \$7,500 catch-up)
(ages 60 – 63 \$11,250 catch-up)

ELIGIBILITY ENTRY VESTING

DISCRIMINATION TESTING

- ADP Test
- Top-heavy

SAFE HARBOR

- 3% Non-elective or 4% Match (100% Vested)
- 3.5% QACA Match (2 Yr Vesting)
- Terminated participants receive contribution

MATCH

Limit combined with
Profit Sharing

TRUST

- Deposits not taxed to employee (unless Roth)
- Tax deferred growth
- Protected from creditors

PROFIT SHARING

0-25% Eligible
Compensation

ALLOCATION

- Proportional
- Age Weighted
- SS Integrated
- *New Comparability*

INDIVIDUAL LIMIT

100% up to \$70,000
(\$77,500 if age 50)
(\$81,250 if ages 60-63)

COMPENSATION LIMIT

\$350,000

Proposal Request Form 1st Page

You Don't Have A Prospect Until They Give You The Data

PROPOSAL REQUEST

Today's Date: _____

Requested by: _____

Proposal for Plan Year: _____

Phone number: _____

This is for a: ☐ New Plan ☐ Takeover Plan

Email: _____

Client Profile:

Company Name: _____

Contact: _____

Phone: _____

Address: _____

Date Business Commenced: _____

Fiscal Yearend: _____

Type of Entity: ☐ C-Corp ☐ S-Corp ☐ Partnership ☐ Not-for-profit ☐ Sole Proprietor

☐ LLC (taxed as ☐ Corp/ ☐ Partnership) ☐ Other: _____

Primary business is _____

List owners, officers and ownership percentage:

Name:

% Owned

Name

% Owned

(If any of the above own an interest in another company, please indicate with an *)

Does the employer currently have a plan? ☐ No ☐ Yes

Specify: _____

Additional comments about plan: _____

Are they interested in a specific plan? ☐ No ☐ Yes

Specify: _____

Employer wishes to contribute approximately: \$ _____ per year.

The primary objective of the plan is (rate by importance 1-4, with 1 being first priority)

___ Tax Deduction ___ Employee Attraction/Retention ___ Employee Incentive ___ Creditor Protection

Are there other desires or concerns? Please explain: _____

The completed forms can be given to your consultant or sent to Chris Ressa at
cressa@nhhicks.com or FAX (530) 226-0272.

NH HICKS

Proposal Request Form 2nd Page

CENSUS DATA FOR PROPOSAL PREFERRED IN EXCEL FORMAT

Company:

Contact:

Phone:

Entity:

Year End:

If you are requesting a Defined Benefit proposal, see note below for additional information needed.

Owners & Employees	Birth Date	Hire Date	Total Annual Compensation	Annual Salary Deferral	1,000 Hours in Any Year	Term Date	Owner %, Officer, Family
Totals							

Note: If requesting a proposal for a Defined Benefit Plan, also provide us with the owners' compensations for the 3 prior calendar years. Compensation is W-2 for C and S-Corporations, Schedule C Net-Income for Sole Proprietor and K-1 Net-income for Partnership.

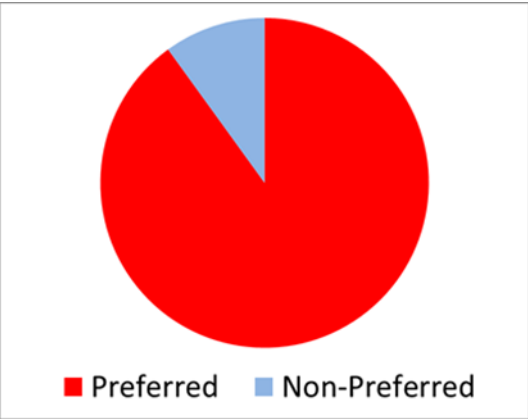


Proposal Expectations

Starts With Contribution Funding Details

Participant Name	Age	Pay	Elective Deferral	Safe Harbor	%	Profit Sharing	%	Total	*
Preferred									
Owner 1	56	\$286,000.00	\$31,000.00	\$0.00	0.00%	\$46,500.00	16.26%	\$77,500.00	
Owner 2	60	\$286,000.00	\$34,750.00	\$0.00	0.00%	\$46,500.00	16.26%	\$81,250.00	
Preferred - Total		\$572,000.00	\$65,750.00	\$0.00		\$93,000.17		\$158,750.00	
Non-Preferred									
EE 1	36	\$116,113.00	\$6,967.00	\$3,483.39	3.00%	\$2,322.26	2.00%	\$12,772.65	
EE 2	60	\$98,040.00	\$25,500.00	\$2,941.20	3.00%	\$1,960.80	2.00%	\$30,402.00	
EE 3	37	\$105,427.00	\$4,091.00	\$3,162.81	3.00%	\$2,108.54	2.00%	\$9,362.35	
EE 4	34	\$84,840.00	\$2,915.00	\$2,545.20	3.00%	\$1,696.80	2.00%	\$7,157.00	
Non-Preferred - Total		\$404,420.00	\$39,473.00	\$12,132.60		\$8,088.40		\$59,694.00	

Net Allocations to Preferred – 88.7%



Proposal Expectations

Simple Tax Summary Benefit



Owners Tax Summary

1. Employer's Combined Marginal Tax Rate:	35.00%
2. Total Deductible Employer Contribution:	\$178,971.17
3. Tax Benefit (1x2) :	\$62,639.91
4. After Tax Cost of Contribution (2-3) :	\$116,331.26
5. Total Allocations to Preferred:	\$158,750.17
6. Net Economic Benefit <Cost> (5-4) :	\$42,418.91

Proposal Expectations

Clearly Identified Fees & Start-up Credits



Fees

Cash Balance and 401(k) Plan Installation of both Plans

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

Beware Of Selling Accessories First

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.

Navigating The Fiduciary Landscape

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

Education



Plan Sponsor



Sales Pitch Deliverable



Navigating The Fiduciary Landscape

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

Legal Requirement



Plan Sponsor Preference



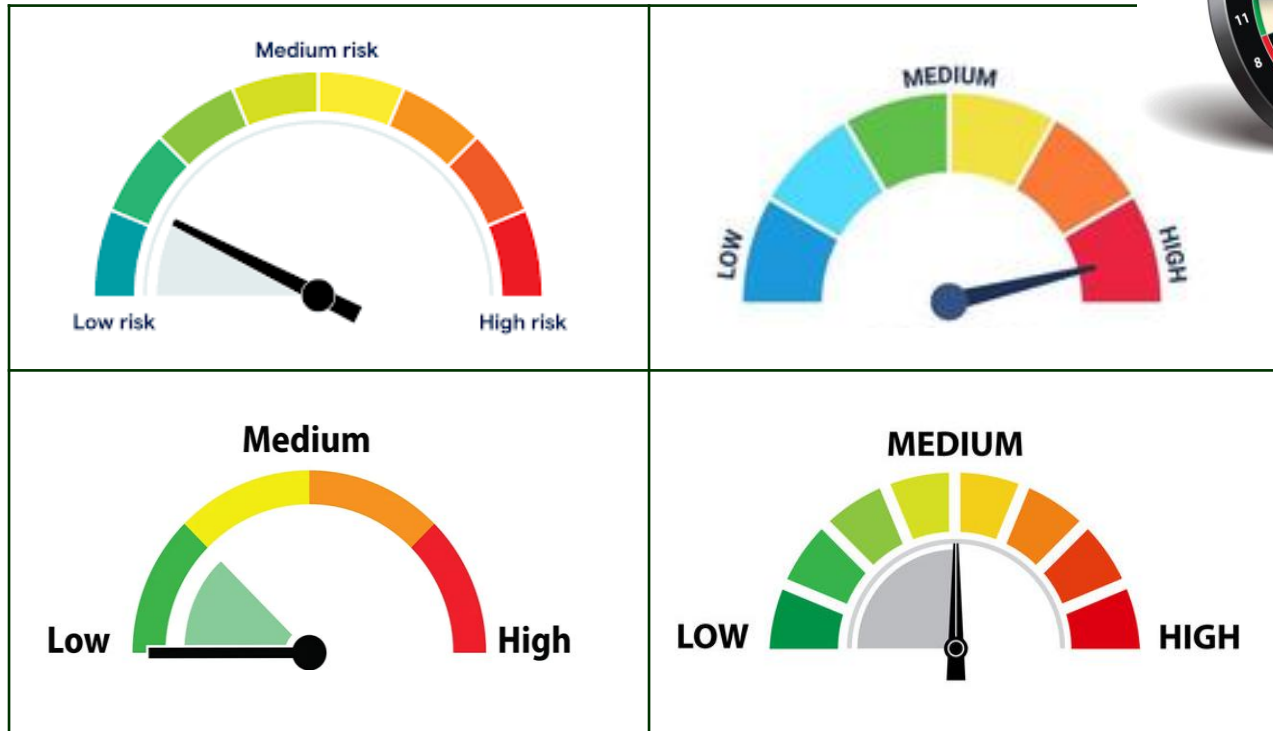
Fiduciary Risk

Company Risk Spectrum

*Litigation
Targets*



Plan Assets (\$)



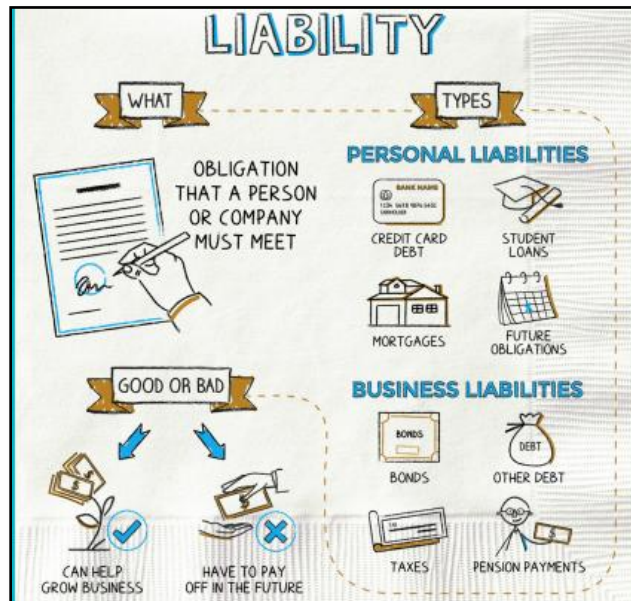
Number of Employees (#)



Investment Fiduciary

Understanding The Options

Role	Broker	3(21) Fiduciary Advisor	3(38) Investment Manager
Fiduciary Status	Not a fiduciary under ERISA	Fiduciary under ERISA 3(21)	Fiduciary under ERISA 3(38)
Level of Responsibility	Provides investment products and sales support only	Shares fiduciary responsibility with the plan sponsor	Takes on full fiduciary responsibility for investment decisions
Best Fit For	Plan sponsors who want to retain control and accept liability	Plan sponsors who want expert advice but still make final decisions	Plan sponsors who want to delegate day-to-day investment responsibility



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.

A more detailed informational slide on this topic is found in the Appendix.

Administrative Fiduciary

Understanding The Options

Role	Bundled Provider	Third-Party Administrator (TPA)	3(16) Plan Administrator
Fiduciary Status	Typically, not a fiduciary for administration	Typically, not a fiduciary for administration	ERISA Administrative Fiduciary under 3(16)
Best Fit For	Employers wanting one-stop bundled recordkeeping plus admin services but willing to retain fiduciary responsibility	Employers wanting independent compliance expertise and flexibility but still holding fiduciary responsibility	Employers wanting to reduce fiduciary liability and outsource daily plan operations



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ERISA Bond vs Fiduciary Insurance

Understanding The Differences

Feature	ERISA Bond	Fiduciary Liability Insurance
Purpose	Protects the plan against loss due to fraud or dishonesty (e.g., theft, embezzlement) by those who handle plan assets	Protects fiduciaries (plan sponsor, committee members, etc.) against claims of breaches of fiduciary duty under ERISA
Who Is Protected	The plan and its participants	The fiduciaries personally (and often the plan sponsor entity)
Who Requires It	Required by ERISA for anyone who handles plan funds	Not required by ERISA; optional but recommended
Best Fit For	Mandatory compliance requirement for all ERISA plans	Employers who want to protect themselves and plan fiduciaries from personal liability exposure



A more detailed informational slide on this topic is found in the Appendix.



Plan Set Up Deadlines



Adding a New Profit-Sharing Plan (Partnership & S-Corp) for 2025

- Deadline: September 15, 2026

Adding a New Profit-Sharing Plan (C-Corp) for 2025

- Deadline: October 15, 2026

Adding a New Defined Benefit Plan for 2025

- Deadline: September 15, 2026

Adding a New 401(k) Plan for Sole Proprietor for 2025

- Deadline: October 15, 2026

New Safe Harbor 401(k) Plan for 2026

- Deadline: October 1, 2026 (At Least 3 Months in Calendar Year)

Adding a Safe Harbor Match 401(k) Plan for January 1, 2026

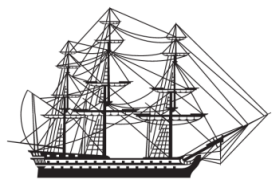
- Employees 30-day notice requirement
- Plan document by December 31, 2025

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- Key Questions Getting Started
- Every Plan Starts With A Design
- Navigating The Fiduciary Landscape

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APPENDIX SLIDES

People Matter & Experience Counts

Investment Fiduciary

Understanding The Options

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Fiduciary Status	Not a fiduciary under ERISA	Fiduciary under ERISA 3(21)	Fiduciary under ERISA 3(38)
Level of Responsibility	Provides investment products and sales support only	Shares fiduciary responsibility with the plan sponsor	Takes on full fiduciary responsibility for investment decisions
Decision-Making Authority	None – plan sponsor makes all decisions	Provides advice and recommendations, but plan sponsor makes final decisions	Has discretionary authority to select, monitor, and replace investments
Plan Sponsor Liability	Plan sponsor retains 100% of liability for investment decisions	Plan sponsor shares liability with advisor	Plan sponsor delegates liability for investment selection/monitoring to manager [but still responsible for prudence in hiring/monitoring the 3(38)]
Services Typically Provided	Product access, education, and general guidance	Investment recommendations, fund lineup guidance, monitoring support	Full discretionary management of investment menu and ongoing monitoring
Best Fit For	Plan sponsors who want to retain control and accept liability	Plan sponsors who want expert advice but still make final decisions	Plan sponsors who want to delegate day-to-day investment responsibility

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Fiduciary Status	Typically, not a fiduciary for administration	Typically, not a fiduciary for administration	ERISA Administrative Fiduciary under 3(16)
Administrative Duties	Provides recordkeeping, compliance tools, and plan documents, but employer retains fiduciary responsibility	Prepares compliance testing, plan documents, and Form 5500, but employer retains fiduciary responsibility	Takes on full fiduciary responsibility for plan administration
Decision-Making Authority	No discretionary authority — executes employer instructions	No discretionary authority — executes employer instructions	Has discretionary authority to make administrative decisions on behalf of the plan
Plan Sponsor Liability	Employer retains full fiduciary liability for administration	Employer retains full fiduciary liability for administration	Liability for administrative functions is transferred to the 3(16), though sponsor must prudently hire/monitor them
Services Typically Provided	Recordkeeping, payroll integration, call center, website access, compliance support	Compliance testing, plan design consulting, government filings	Full ERISA administrative oversight, operational compliance, signing and filing Form 5500, handling errors and corrections
Best Fit For	Employers wanting one-stop bundled recordkeeping plus admin services but willing to retain fiduciary responsibility	Employers wanting independent compliance expertise and flexibility but still holding fiduciary responsibility	Employers wanting to reduce fiduciary liability and outsource daily plan operations

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.

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Purpose	Protects the plan against loss due to fraud or dishonesty (e.g., theft, embezzlement) by those who handle plan assets	Protects fiduciaries (plan sponsor, committee members, etc.) against claims of breaches of fiduciary duty under ERISA
Who Is Protected	The plan and its participants	The fiduciaries personally (and often the plan sponsor entity)
Who Requires It	Required by ERISA for anyone who handles plan funds	Not required by ERISA; optional but recommended
Coverage Requirement	Minimum of 10% of plan assets handled, up to \$500,000 (or \$1,000,000 for plans with employer securities)	Coverage amount chosen by employer based on risk tolerance and insurer offerings
What It Covers	Losses from theft, fraud, larceny, embezzlement	Legal defense costs, settlements, or judgments related to fiduciary breach claims (e.g., imprudent investments, excessive fees, operational errors)
What It Does Not Cover	Fiduciary breach, mismanagement, or poor investment decisions	Theft or fraud of plan assets
Cost	Relatively inexpensive (low annual premium based on plan size)	More expensive; depends on coverage limits, claims history, and plan size
Best Fit For	Mandatory compliance requirement for all ERISA plans	Employers who want to protect themselves and plan fiduciaries from personal liability exposure



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