# For Your Benefit

CMC Pension Professionals
Your Retirement Experts

### CMC's 16th Annual Wine & Cheese Event

Join us at this year's fest on Thursday, September 17, 2015.

This is our chance to thank you–our clients, advisors , and other industry professionals.

Last year, over 200 people wandered in and out between the party's hours of 4:30 pm--7:30 pm.

We invite you to attend. We offer great wines for tasting, wonderful cheeses and an assortment of other dishes and platters for nibbling.

To reserve your spot, contact Cathy Green, CPC ERPA at 818-247-7900, ext 102. Or send her an email: CathyG@cmcpenpro.com. Or visit our website: www.cmcpenpro.com and sign up there.

## Fees Are HOT!!!

The Department of Labor (DOL) released their new fiduciary regulations. Apparently, they think investment advisors are getting rich off the backs of plan participants, including those who have IRAs. They also think this will stop if advisors add more pages of fine print to the investment contract. Right...

So, what's the "nut" here? If you are paid to provide advice to plans, participants, or IRA holders, you are a fiduciary. And, you must act in the best interest of the participant. Translation: You can't sell a higher priced product when a lower priced one is available.

Do I see a red flag? Read on. Two different record keeping platforms both offer a web portal and staff to help with enrollment. The more highly priced recordkeepers' tools are easier for participants to use, which means higher enrollment. Morally, you have no problem recommending the product with the higher fee. But will the courts agree with your interpretation when participants sue and want you to make up for the lost returns? Where's my crystal ball? What about the decision to roll over participant's money to an IRA? The plan has low expenses, but you charge the small IRA a higher fee. Is your personal attention worth the extra cost? Why should the participant roll his money over to an IRA you manage?

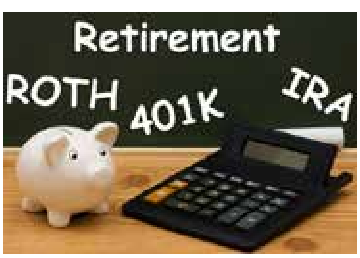
The Supreme Court dealt a sharp blow to Edison. They invested in retail funds when an institutional share class was available. Even if the share class was not available when participants started investing, advisors should have monitored the investments and switched to the institutional share class when the fund was large enough. The Court said trustees had to regularly monitor the funds. There is no statute of limitations because the initial investment was made some time ago.


In short, fiduciaries need to keep an eye on the fees, direct or indirect (like fund expense ratios), charged to participants.

## 50 Ways

There may be 50 ways to lose your lover, but there are only a few ways to legally lose your tax bite. Do you know someone who just filed their taxes or has written a big check to IRS for estimated tax payments? A qualified retirement plan can generate a sizable tax deduction and take the sting out for 2015. If you want to optimize a plan, now is the time to do it. If you wait until the end of the year, you won't have the chance to put an extra $24,000 aside. Here are some interesting design tips:

- Know the participants won't part with their cash (think fast food restaurants)? The owners could put away $34,000 with no employee cost. Add another $19-$26,000 if a lower-paid spouse or child is also on payroll.
- A match works wonders to create appreciation and loyalty and reward those saving for retirement.
- Did the owners have a defined benefit plan that terminated years ago? We may be able to get deductions over $300,000 for the owners and boost their retirement savings!
- Roth deferrrals. Putting the max in a Roth plan is the same as putting an extra $15,000 into the plan each year!
- Clients afraid of defined benefit plans because of the unknown liabilities? A cash balance plan can get the same large deductions in good years, then automatically adjust in bad years to help control, but not eliminate, risk.

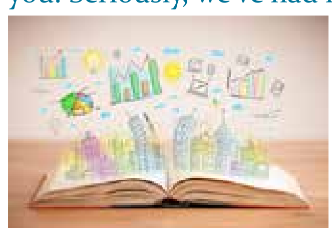



- Does your client want to buy out a partner in a few years? We'll structure a defined benefit or cash balance plan that will allow the buyout to be stretched over a number of years. It will still provide a high level of payment certainty to the retiring partner.
- Funding insurance with pre-tax dollars effectively lowers the insurance cost via the 40% tax savings. 401(k) plans can provide a great vehicle for that.

However, Cinderella, the full range of design options wanes as summer turns to fall. Tick. Tick. Tick. Full flexibility is gone before the end of September. Tick .Tick. Tick. Maximize your client's options now. Remember, the tax pain can be mitigated. If any of these ideas might appeal to one of your clients, let us know before it's too late! Call us at 818-247-7900. ■

## We Haven't Forgotten

Did you miss the CMC Pension Update Seminars this spring? Nope. We changed the dates just to confuse you. Seriously, we've had requests to move the dates later in the year, so we did. The seminars are November 3rd and 5th this year. Stay tuned for more information. And, if there is a topic you want to see covered, just drop me a line (mikeb@cmcpenpro.com). ■



## Around CMC

- Mike Bain attended the American Academy of Actuaries Pension Practice Council meeting in Philadephia in June 2015, and the Joint Board for the Enrollment of Actuaries meeting in Washington DC in July 2015.
- Cathy Green, CPC, ERPA, Sammy Tyndall, QKA,QPA,ERPA, and Michael Tompkins, QKA,QPA,ERPA , all attended ASPPA's first virtual conference in May.