

F&B

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Farmer & Betts is a fee based, third party pension administration firm.

Our mission is to expand the number of employers who maintain a quality retirement plan.



What We Believe

1. The private retirement plan system works!
2. A quality retirement plan has employer contributions and helps its participants financially prepare for retirement.
3. Advisors are the most important factor in the success of a retirement plan.
4. We help our Advisors to make more money on their plans through higher contributions by employees and their employers.
5. The client is in charge.
6. Simpler is better.
7. We balance Employees, Growth, and Profits equally.

Our Culture

It's really the people that make F&B what it is. They work very hard and expect and deserve to be rewarded for their efforts.

We maintain a high degree of knowledge of the rules and regulations. ASPPA certifications are strongly encouraged and supported. All employees participate in continuing education.

We favor results and ability over experience. We strive to give all employees the opportunity to be recognized and advanced in proportion to their results and contributions. We believe in meritocracy!

To learn more about us visit <http://www.fbpension.com/about-f-b.html>

Roth Conversions – The 401(k) Version of Backdoor Roth IRAs

There is a lot of interest in backdoor Roth IRAs, but you may not realize that the same can be accomplished, often at higher dollar amounts, and lower administrative cost, through your client's existing 401(k) plan.

Written properly, a 401(k) plan can often allow 100% of a participant's money to be classified as Roth. For example, existing pre-tax salary deferral can be converted to Roth salary deferrals, existing pre-tax safe harbor can be converted to Roth safe harbor, and pre-tax profit sharing can be converted to Roth profit sharing. New deferral contributions can be made directly as Roth Deferrals, up to the IRS limit, \$24,000 for those age 50 and older, generally without regard to income.

Taxes on the converted amounts are due, and generally cannot be taken from plan assets, but there are no age restrictions on who is eligible for conversions. So even someone age 45, with a \$500,000 account balance, could potentially convert 100% of it into Roth. Keep in mind, backdoor Roth IRA conversions require that any existing IRAs be converted as well due to the pro-rata rule on Roth conversions.

Regulatory Update

The President's fiscal budget for the prior two years included aggressive tax reform with major reductions on retirement plan deductions. For now, it appears these major tax reforms have been held off. The IRS demonstrated their desire to keep the Automatic Enrollment feature in retirement plans by easing the penalties for missed deferrals. If automatic enrollment is neglected, employers now have 9½ months after the year end of the missed automatic enrollment to begin deferrals without penalties. If not, the penalty is 25% of the missed deferral.

In a separate IRS newsletter, they warned plan sponsors that documentation must be retained by the employer to verify hardship and loan distributions and that self certification by participants is not sufficient. Their overall message was that plan sponsors are ultimately responsible for ensuring the proper administration of their retirement plan.

While the DOL has their hands full with the new proposed fiduciary definition, they continue to maintain "retirement readiness" as a top priority and still plan to require more detail on Benefit Statements, 408(b)(2) disclosures and QDIA disclosures.

Top Retirement Plan Designs

We continually walk employers through various retirement plan design options. Many employers are looking for plan designs that maximize tax savings and also benefit employees. Below is a list of some of the most popular designs.

New Comparability profit sharing allocation plan designs are one of the most powerful plan provisions for weighting contributions toward owners. Thousands of dollars in deductions are missed each year by owners who have not considered this simple design change. This allocation can allow older owners to receive a higher percentage of profit sharing contributions than employees. In addition, this allocation provides flexibility when multiple owners want to make differing contribution amounts and can even allow owners to make select contribution amounts for targeted employees.

	Age	Compensation	New Comparability
Owner 1	57	\$100,000	\$35,000 (35%)
Owner 2	57	\$90,000	\$21,000 (23%)
Employee	30	\$50,000	\$2,500 (5%)
Employee	25	\$50,000	\$2,500 (5%)

Safe Harbor 401(k) Plans allow owners to maximize their 401(k) deferrals regardless of employee deferral percentages. The 4% Matching Safe Harbor can work well for companies with low participation. The 3% Profit Sharing Safe Harbor is a strong design for owners looking to make significant profit sharing contributions and may allow them up to 9% in profit sharing.

Owner Only Defined Benefit (DB) Plans allow for much higher contributions than SEPs or Owner Only 401(k)s. While the employer contribution cap on these plans is \$53,000, DB contributions can exceed \$200,000. With the addition of a spouse, that contribution can double. Owner Only 401(k)s can also be utilized alongside DB plans, allowing for additional contributions.

DB/DC Combination / Cash Balance Plans continue to be the fastest growing plan type in the country. A recent study showed these plan designs grew 32%, while 401(k) plans grew only 3% in the same year. These plan designs can allow older owners to contribute over \$200,000 for themselves, while typically requiring a 7-10% contribution for employees.

	Age	Compensation	DB/DC Combo
Owner 1	57	\$100,000	\$230,000
Employee	25	\$50,000	\$5,500

PPA Restatements Due 4/30/16

Every 6 years the IRS requires plans to be completely restated to a new document. We are in that "restatement" period now. The IRS has given Defined Contribution plan sponsors until 4/30/16 to adopt this PPA Restatement. This is a tremendous marketing opportunity for Advisors who wish to compete in this market by offering redesign services or to simply compete on fees. Clients will need to rewrite their plans anyway, so why not look at other options that may help owners get a better share of the benefits?

Top Investment Providers

Numerous national investment companies have chosen to include Farmer & Betts on their preferred list of service providers. We can work with any investment company.

Examples include: American Funds, Ameritas, Charles Schwab, Empower, Fidelity, Guardian, John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, Nationwide, Principal, Retirement Revolution, Transamerica and Voya.

Deadlines for 12/31 Year-End Plans

10/01/15: Establish a new 401(k) with a Safe Harbor option

11/02/15: Convert SIMPLE Plan to 401(k)

12/01/15: Add Safe Harbor to an existing 401(k) for 2016

12/31/15: Establish a new 401(k) or Defined Benefit Plan

The information contained herein should not be acted upon without professional advice.