F&B
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Farmer & Betts Newsletter – Fall 2016

Farmer & Betts is a fee based, third party pension administration firm. We specialize in quality plan administration with local service at a reasonable cost. We do not provide investment or insurance services.

Our company consistently focuses on the quality and value of our service, and we are grateful for the many advisors and accountants who have entrusted us with their clients.

Our local consultants are strategically placed to service our 1,700 plans. We have offices in California, Colorado, Florida, Georgia, Kansas, Missouri, Oregon, & Washington.

Simple Isn't Always Better

A SIMPLE plan has its advantages, primarily no form 5500 filing requirement and no discrimination testing. Lower contribution limits and fewer plan design options however, can force an employer to consider a 401(k) instead. In order to switch from a SIMPLE to a Defined Contribution or 401(k) plan, there are some rules to be followed; every SIMPLE plan has a 60 day open enrollment window before January 1st for the following year, so it is imperative that the employer notify his plan participants and investment provider before November 2nd that the option is being taken away. The notice should contain: (1) the notice date, (2) The employer name, (3) the SIMPLE plan name, (4) the action, "termination of SIMPLE Plan", and (5) the effective date. A sample notice can be found on our website: ***http://www.fbpension.com/p/resources***.

For more details about the reasons behind making this change or the procedures, please call one of our consultants.

401(k) Fees Remain Competitive

- Plan document: $1,250 + $10 per participant (takeover no charge)
- Administration: $1,250 + $30 per participant

Please call for a quote on New Comparability, Defined Benefit, Cash Balance, 403(b), or Uni(k) Plans.

Deadlines for 12/31 Year-End Plans

October 1, 2016:	Establish a new 401(k) with a Safe Harbor option
October 15, 2016:	5500 filing due
November 1, 2016:	SIMPLE plan termination
December 1, 2016:	Add Safe Harbor to an existing 401(k) for 2017
December 31, 2016:	Establish a new 401(k) or Defined Benefit Plan

Fiduciary Rule

(29 CFR Parts 2509, 2510, and 2550 RIN 1210–AB32)

It expands the types of arrangements in which broker-dealers, investment advisors, insurance agents, plan consultants and other intermediaries are treated as fiduciaries to ERISA plans and individual retirement accounts (IRAs). Therefore, advisor compensation must be the same across all investment options offered, including record keeping platforms offered to employer, and IRA rollover offered to participants. They are also precluded from recommending proprietary investment products without an exemption. The burden of proof rests on advisors to demonstrate that they service the plan solely to help participants and plan sponsors (BIC). The DOL and investment community both have been quiet about how this will look April, 2017. The DOL is working to explain the impact of this rule and provide additional guidance.

Go to ***http://www.fbpension.com/p/links*** for more details and a link to the specific DOL regulations.

State run retirement plans

Are continuing toward inevitability, particularly in California and Oregon. The federal government has cleared the way for states to mandate retirement plans for businesses not currently sponsoring a retirement plan. Roughly one third of Americans work for companies that do not sponsor a retirement plan. With the large void in the industry, states will be attempting to fill the gap. Proposed plan rules vary, California's for example was signed into law September 29th, 2016. It will be required for employers with 5 or more employees who do not maintain a current retirement plan, and it will require auto enrollment beginning at 3%. Many companies may choose to establish a new private sector 401(k) plan in order to avoid a state mandated plan.

40/50/5 Rule

Using a simple rule of thumb, "The 40-50-5 Rule". Advisors can lead clients into these cutting-edge plan designs. Flag any employer age 40+, who would like to contribute in excess of $50,000 and would consider at least a 5% company contribution to eligible employees. Allowing either:

- ***DB/DC Combination Plans*** enable older owners to receive annual deductions of over $200,000 in a Defined Benefit Plan. The employees receive a classic 401(k) Profit Sharing Plan contribution;
- ***Cash Balance Plans*** show employees what is going into the plan for each participant and what will be paid out upon termination;
- ***Uni(k) and DB Plans*** replace SEPs. If an owner has W-2 wages under $212,000, they can always contribute more into a 401(k) or DB;
- ***Owner Only DB Plans*** can add a 401(k) for up to $39,900 additional contribution ($24,000 401k + $15,900 Profit Sharing).

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, Ascensus, Aspire, Empower, Fidelity, John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, Nationwide, Ohio National, Principal, Transamerica and Voy.***

Continuing Education Seminar

Please attend one of our complimentary seminars to meet our Consultants and learn about the new laws. This event also serves as a great opportunity for you to personally invite your associates and business partners to attend. Our seminars include continuing education credits for CPAs, CFPs, EAs and Life Insurance.

An invitation is enclosed and available at: ***http://www.fbpension.com/events.***