Advisor Retirement Plan Update

QUARTER 1 2013

ATRA Expands In-Plan Roth Conversions

As part of the American Taxpayer Relief Act of 2012 (ATRA), Congress passed legislation to allow plan participants to convert any money in their tax deferred accounts to a Roth 401(k) account, if their plan allows. This change is projected to raise $12.2 billion in revenue over 10 years.

Prior to ATRA, participants could convert pre-tax assets to Roth within the plan only if they had a distributable event (ie: attained age 59 1/2 or reached Normal Retirement Age). ATRA eliminated this requirement...a change which increases the number of individuals eligible to make an in-plan Roth conversion considerably.

If a plan does not already allow in-plan conversions or designated Roth contributions, the plan will need to be amended in order to take advantage of this opportunity. The IRS anticipates issuing guidance later this year, including information about necessary amendments for the expanded rules.

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Just a reminder that we are now posting valuation reports and participant statements to our PlanSponsorLink portal. Please access this secure portal through our website at [www.noblepension.com,](http://www.noblepension.com)

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Log in to manage your plan

A Checklist to "Close The Deal"

When meeting with prospective clients, some things to look for and ask for.

When are you prospecting a potential retirement plan client, it's always great to prepare before the meeting because the right questions to this prospect and their answers may get you a leg up against your competition. Here are a few basic things to look for in preparation and questions to ask the plan sponsor.

1. Always print out a copy of the Plan's latest Forms 5500 on FreeERISA.com. Besides the fact it's free, I often find that the Form 5500 may have glaring errors or listing of excessive administration and brokerage fees printed right there.

2. Use a benchmark service like Brightscope or Fiduciary Benchmarks to properly gauge the Plan against its peers.

3. With the Form 5500 and information culled from Brightscope, determine who is the Plan's TPA and custodian.

4. Ask the potential client whether they have an investment policy statement (IPS). The Department of Labor has been asking for these lately in plan audits and the lack of an IPS could subject them to liability even despite the intention to comply with ERISA Section 404(c). Many retirement plans don't have an IPS.

5. Ask the potential client whether their current advisor reviews the plan investments with them and determine whether it adhered to the current IPS (if they have one). Ask whether this review has been memorialized in writing. While a review is great, written minutes determining the Trustee's decision to maintain or jettison investment choices is added protection.

6. Through the answer on Form 5500 and asking the potential client, ask whether they have an ERISA bond. Despite confusion on this topic, an ERISA bond is required.

7. Ask the potential client whether they have fiduciary liability insurance. While it's not required yet, it should be recommended.

8. Ask the potential client whether they have any Plan administration issues, namely failed discrimination testing. Often, many administration firms don't offer the solutions available to correct this like a safe harbor plan design, especially the administration firms who are really payroll companies.

9. Ask the potential client for all education materials given to plan participants and whether education meetings are held. For participant directed ERISA 404 (c) plans, liability is limited based on the amount of education that a participant gets. Just giving the participant a deferral form and Morningstar profiles isn't enough.

10. Get the current mutual fund lineup. With so many funds, it's an alphabet soup of share classes. The potential client may have the wrong shares classes for a plan of their size while their advisor and TPA financially benefits from it.

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