

# Advisor Retirement Plan Update

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## Why We Are Different

We know you have many TPA firms you could work with. We appreciate that you work with us!

We take pride in offering a comprehensive hand holding approach to retirement plan administration. Some things that differentiate us are:

- We find the right retirement plan for your client
- We ask for the least amount of information and believe it is our responsibility to be the experts
- We determine plan eligibility, compute contributions, automatically send distribution paperwork, find alternate ways to pass failing tests
- We have one administrator assigned per plan so you're always talking to the same person
- We require all of our administrators to pass a series of certification tests
- We have a comprehensive 186 point checklist and a stringent internal review process
- Our administrators have an average of over 20 years of experience
- We can wrap ourselves around any obstacle—pooled accounts, self directed brokerage accounts, hard to value assets, we do them all!
- We'll handle any IRS or DOL audits in our office and take care of all paperwork
- We take pride in doing the right thing and putting our clients first

## Conflict of Interest Rule

The Department of Labor (DOL) is looking to finalize its ruling on the definition of a fiduciary in May 2016. After almost 5 years, the DOL has proposed a regulation that defines the meaning of fiduciary and outlines how plan sponsors, fiduciaries, participants and beneficiaries will have better protection.

The regulation that has been proposed outlines who is a fiduciary as a result of providing investment advice to a plan. Under the proposal,

any person who gives investment advice to a plan, participant, beneficiary or IRA owner would qualify as a fiduciary and be held to the same standards. Under this change, more advisors would be considered a fiduciary of the plan. However, the ruling also gives advisors

more flexibility in how they are paid “as long as they put their clients’ best interest above their own financial interests,” according to Secretary of Labor Thomas Perez at an April 14th press conference.

This would be accomplished by a “best interest contract exemption” where the advisors would commit in a contract to acting in the plan’s or client’s best interest. There are also new exemptions that may apply. However, if the advisor is a fiduciary, then

they would have to acknowledge that fact and make sure to follow the fiduciary standards.

The key to being a fiduciary is to always act in the best interest of the plan participants. The DOL refers to this as putting the customer first and not misleading the customer. There would also be the requirement to give prudent advice to the plan sponsor and participants as well as the responsibility to charge reasonable fees. Further, the advisor must put procedures in place so that there

would not be an incentive for the advisor to provide advice that would not be in the best interest of the plan or client. If violated, the action would be treated as a prohibited transaction and excise taxes would be assessed.

The comment period on these

proposed regulations has been extended into August when public hearings will take place on the issue. After the hearings, a new comment period will take place. It is unlikely that the hearings will generate another draft of the proposal. While the process to develop this new regulation has been long, the current administration is pushing to have the finalized rules issued and in place prior to when the new administration would take over on January 20, 2017.

