Monthly Critical Update –May 2015

Welcome to the third Critical Update. This will be the first in a series that focus on Employee Benefits. Whether you provide benefits currently, or plan to provide them in the future, this series of critical updates will help you determine how to approach these benefits to ensure you're doing what you need to for your employees, without paying more than you should.

This update focusses on retirement planning. We often avoid obtaining information about insurance and financial planning because there are too many providers to choose from and we're concerned that we'll be sold something we don't need. This update will provide you with the tools you need to understand what to look for in your current and future plan.

To start we want to take a look at your statement from your current provider to…

- Make sure you are paying what you should be.
- Ensure you're in compliance.

Here are some examples from a variety of manufacturers

Ideas into Action

Plan Year End	12/31/2012
Total Assets	9,899,165
# Participants	48

1 **404(c) Compliant**	No
2 **QDIA**	No
401(k) Plan	No

Plan Has Fidelity Bond	Yes
3 **Fidelity Bond Amount**	500,000
% of Net Assets	Less than 10%

Participant Contribution	-
Employer Contribution	70,000
Matching Component	No
Profit Sharing	Yes
Age/Service Weighted New Comp	No

Failed to Transmit Contribution On-Time	No
Failed to Transmit Amount	-
Participant Loans	-
Paid Corrective Distributions	No
Corrective Distributions Amount	-

Auto Enrollment Plan	No
Average Contribution	1,458
Average Account Balance	206,233

Expenses

Benefits paid	57,577
Certain deemed or corrective distributions	-
4 Administrative service providers	11,920
Other expenses	-
Total expenses	69,497

1. 404c compliant – not the case
2. QDIA – not the case
3. Sufficiently bonded – less than 10% bonded
4. Fees that are the norm – could be questioned

What does all this mean?

The bottom line is, if your plan is not following the guidelines set by the Employee Retirement Income Security Act (ERISA) you open yourself up to loss of income and possibly a lawsuit.

1. 404c compliant – ensures that you're doing what you should for your employees (ex: having the same investments for everyone regardless of age would be a problem)
2. QDIA – (Qualified Default Investment Arrangements) – make sure that employee dollars are invested in an appropriate program.
3. Sufficiently bonded – the bond should be greater than 10%
4. Fees that are the norm – these may be buried in the plan and you may not be aware of them

Program Highlight:

Free plan review - We have vetted financial advisors who will perform an account review, free of charge. If you prefer not to meet in person, they can pull the public information about your site and review it over the phone. If everything looks good, they will let you know. If there's a "red flag" they will let you know that as well. You are under no obligation to transfer you plan to them. This is simply a way to make sure that you're paying what you should be and that your plan is compliant.

Vendor Highlight:

As mentioned above, we tend to stray away from discussing our financial needs for fear of being sold something we don't need. For that reason CTmrg has vetted a financial advisor that will meet with you to discuss how your plan looks without the hard sell.

So what's next?

Step 1 – Take a look at your existing statement – make sure to check the 4 items mentioned above
Step 2 –Contact your current advisor and ask them

- How much does my plan cost?
- Do I have a QDIA?
- Am I sufficiently bonded?
- Am I 404C compliant?

Step 3 - If your current advisor struggles to answers of these questions, contact CTmrg for a referral to a vetted financial advisor and we have someone who will answer your questions for free.

Your Financial Benefit:

A retirement plan that is ERISA compliant will protect you in the event that you are sued. In addition, it could save you money as line items such as additional fees are addressed.