

Dear valued clients and friends –

We are pleased to provide you with the latest developments and alerts related to retirement plans and our practice. In an effort to best serve you and keep you up to date on important developments, we will provide you with communications throughout the year. We hope you find them beneficial.

USING A QUALIFIED RETIREMENT PLAN TO QUALIFY FOR THE NEW TAX DEDUCTION

In the last edition of *Employee Benefit News*, we detailed the specific changes made to retirement plan rules by the Tax Cuts and Jobs Act of 2017 (ACT). An indirect impact on retirement plans will result from a provision of the ACT that provides for a 20% tax deduction for pass-through entities. A qualified retirement program will help taxpayers qualify for the deduction, as described in the following article: [Qualified Retirement Plans and the New IRC Section 199A](#).

FIDUCIARY TRAINING SEMINAR

Windes will be hosting a lunchtime speaking event on Tuesday, September 11 featuring Rick Unser from Lockton Retirement Services. Rick an expert on ERISA risk management and fiduciary responsibility, and he will be sharing his experience, providing an update on ERISA litigation cases, and information on how plan sponsors can best protect themselves from personal liability. If you would like to attend this event, please click [here](#).

REDUCING RETIREMENT PLAN FRAUD

Retirement plan administration requires many tasks and responsibilities that often fall on selected individuals who are also employees of the plan sponsor. These tasks range from census and investment information gathering to the transmittal of contribution checks and distribution payments. Having proper procedures and oversight in place is the best way to prevent fraud, which is a surprisingly common occurrence for retirement plan sponsors. The following article describes best practices for avoiding this problem, for which the plan fiduciaries are ultimately responsible: [Reducing Retirement Plan Fraud](#).

COMPLIANCE SPOTLIGHT: NEW HARDSHIP RULES

The Tax Cuts and Jobs Act of 2017 (ACT) made several changes to the rules governing retirement plans, including the treatment of hardship distributions beginning next year. The following article details the changes affecting hardship distributions made after 2018: [Easing Hardship Distribution Rules](#).

403(b) PLANS: SPONSORS SHOULD BE AWARE OF THE DETAILS OF THEIR PLAN CONTRACTS

A recent survey of 250 nonprofit plan sponsors by the Plan Sponsor Council of America (PSCA) revealed that many sponsors are unaware of the how their plans are structured with respect to fees, which could leave them open to fiduciary liability.

The key findings of the survey are as follows:

- One-third of respondents are unsure if their plan uses contract fees (revenue sharing) to pay administrative expenses, including 50% of small plans.
- One-fourth of plans reallocate revenue sharing among all participants while one-fourth of respondents are unsure.
- The majority of plan sponsors that use an advisor, use an advisor that acts as a co-fiduciary.
- Approximately one-fourth of respondents are not aware of formal fee policy statements.
- A significant number (14%) of small plans were unsure of their ERISA status.

403(b) plan sponsors should understand their plans and how advisors and record keepers are compensated from plan assets. Sponsors that do not have an advisor to help them understand this information are encouraged to seek out such professionals. The Department of Labor expects plan sponsors to understand the fees that their plan pays from assets, and such an understanding will be the first line of defense in case of an excessive fee law suit.

The survey summary can be found at the link below. Additional information on fiduciary responsibility will be available at the September 11 seminar described above.

https://www.pasca.org/403b_2017_snapshot

WELCOME JAMES R. REID, ERPA, QPA, DB-A

We are proud to announce the latest addition to the Employee Benefit Services Staff in Long Beach. James has more than 10 years of pension experience, most recently with Benefit Associates, Inc. He is enrolled to practice before the IRS and has professional designations for both defined contribution and defined benefit plans. James is a Southern California native with a degree in political science from California State University, Long Beach. He resides with his young family in Whittier. Welcome James!

PARTNERS

We have partnered with several quality organizations to provide a full range of services to our retirement plan sponsor clients. These services include payroll, investment advice, fiduciary benchmarking, financial planning, insurance and estate planning. We have carefully chosen our referral partners and our clients have had excellent experiences from their interactions with these professionals. Please contact us with any needs you may have.

WINDES

AUDIT | TAX | ADVISORY

With more than a century of combined experience in the employee benefits field, our professionals have the expertise and access to leading-edge resources that uniquely qualify us to provide our clients with complete administrative services that ensure the successful operation of their employee benefit programs. In addition, we work closely with existing advisors to provide the teamwork needed for successful administration of their clients' retirement programs.

Our professionals are members of the American Society of Pension Professionals and Actuaries and the National Institute of Pension Administrators and have earned nationally recognized professional designations.

The Windes Employee Benefit Services group is composed of the following individuals who are dedicated to providing your organizations with complete administrative and consulting services:

Richard L. Green, CPC, ERPA, QPA, QKA, APA	Partner
James R. Howe, CPC, MSPA, APA	Partner
Therese S. Cheevers, ERPA, APA	Senior Manager
Connie Lee, CPC, QPA, QKA	Senior Manager
Joel Leonor	Senior Plan Administrator
James R. Reid, ERPA, QPA, DB-A	Plan Administrator
Marybeth Herbage	Trust Account Administrator
Krystal Landrum	Executive Assistant
Diana Miller	Plan Distribution and Document Coordinator



Headquarters

111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802
562.435.1191

Orange County Offices

18201 Von Karman Avenue
Suite 1060
Irvine, CA 92612
949.271.2600

2603 Main Street
Suite 600
Irvine, CA 926
949.852.9433

Los Angeles Office

601 South Figueroa Street
Suite 4050
Los Angeles, CA 90017
213.239.9745