General Session:
Effective Use of Social Media
Monday, April 29, 2013

Barbara Lewis, MBA, President
Centurion Consulting Group

Barbara Lewis, MBA

• Over 2 decades in marketing professionals in the retirement services industry
• Started career as journalist - WSJ
• Certified Social Media Strategist
• MBA from UCLA Anderson & Lecturer
  • Survey Development
• Well-known clients including:
  • National ERISA Attorneys
  • Former President of APSSA
  • TPAs, CPAs & FAs
• Book Author – Get a Black Belt in Marketing:
The Marketing Success Book for Retirement Industry Professionals
The Social Media Conundrum

- Is social media confusing?
- Does it eat up your time?
- Do you ask yourself
  - Where do I start?
  - What should I do?
- Do you want to throw up your hands?
- Or throw up?
- Are you ready to retire, so you won’t have to deal with social media?

What about your exit plan?

What We’ll Cover

- How Did We Get Here?
- The Survey Says?
- The Growth of Social Media
- Best Practices & Case Studies
  - LinkedIn
  - Twitter
  - Google+
  - Facebook
  - Blogging
- Social Media in the Big Picture
- Business Development Activities
- The Future of Social Media & Marketing
Diffusion Drive

1980s | 1990s | 2000s | 2010s

Have You Experienced This?

"Okay your father managed to get a mouse. Now how do we use it?"
The Multi-Generational Tech Transfer in the U.S.

1980s | 1990s | 2000s | 2010s

It Doesn’t Always Work

- http://www.youtube.com/watch?v=itUMO7VL10M
What is Social Media?

- Social Media is social interaction among people in which they create, share and exchange information and ideas in virtual communities and networks.
  - Wikipedia

The Survey Says?

- Sponsored by NIPA
- Database of 4500
- Surveyed March 2013
- 10 questions
- 55 responses

I conducted the same survey for the past 2 years & was shocked to find that clients were generated from social media…but only through LinkedIn
Do you have a Facebook page?

64% Yes
36% No

Have you obtained a client thru Facebook?
No

Do you have a Twitter account?

38% Yes
62% No

Have you obtained a client thru Twitter?
No
Do you have a LinkedIn page?

Have you obtained a client thru LinkedIn?
Yes = 15%

Do you have a Google+ page?

Have you obtained a client thru Google+?
No
What is your opinion of social media impact on business development?

- Never Generate: 15%
- Might Generate: 69%
- Probably Generate: 16%

How would you rate your social media level?

- White Belt – don’t have any accounts or don’t use them: 5%
- Yellow Belt – on social media 1 or 2 times a month: 24%
- Green Belt – on social media 1 or 2 times a week: 24%
- Blue Belt – on social media 1 or 2 times a day: 31%
- Red Belt – on social media 3 or more times a day: 15%
- Black Belt – use social media as primary way to communicate: 2%
LinkedIn Counts!

Twitter is Coming

Or Maybe Google+.

23% of on-line users spend most of their time on social networks

Use of social networks for people 74 years and older has recently quadrupled from 4% to 16%

People over 50 spend twice as much time on social networks as those under 18 years old.
Social Media Users

Disappearing Acts

In Millions

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<th>Google+</th>
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What’s the Difference?

LinkedIn – I’m good at Cash Balance Plans (CBP)
Twitter – I’m interested in CBPs
Facebook – I have a CBP
YouTube – I’ll explain CBPs
Google+ – Let’s discuss CBPs.

Create a Social Media Plan

Outbound - Active
• Identify your audience
• Decide on the specific social media platform
• Develop topics
• Decide on frequency of posts or specific dates

Inbound - Reactive
• Identify target audience sites
• Listen to what others are saying
• Contribute to the conversation

Develop Social Media Plan for Employees.
When are the BEST and WORST times to post?

**Facebook**
Best: 1pm to 4pm
Worst: 8pm to 9am

**Twitter**
Best: 1pm to 3pm
Worst: 8pm to 9am

**LinkedIn**
Best: 7am to 9am or 5pm to 6pm
Worst: 10pm to 6am

**Google+**
Best: 9am to 11am
Worst: 6pm to 8am

**LinkedIn Best Practices**
- Founded by in 2003 for executive search
- Most revenue generated from large executive search companies
- Focus on executive search companies
- Used in over 200 countries/territories worldwide
- The world's largest professional network
- >200 million members
- Representing executives from every Fortune 500 company
- If LinkedIn were a country it would have the 5th largest population in the world
- 2 members per second join LinkedIn.

LinkedIn Membership Growth

Number of users in millions

Unemployment rate starts climbing 4.6 to 9.3

Tipping Point
LinkedIn User % by Age

Percentage of Users

85% College Grad/Post Grad
~$110K average income
24% have a portfolio in excess of $250,000

LinkedIn Use by Purpose

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Recent LinkedIn Changes

- Profile page
- All applications discontinued (some build into new profile, others might be added back)
- Rich media can be inserted in multiple places
- Title from past jobs has been deleted
- Areas can be reordered
- Websites are in contact info.

Roundtable Discussion

- Name
- Vanity URL
- Headshots
- Headline
- Summary
- Recommendations
- Connections
- Website URLs
- Settings
- Visibility
- Optimization
- Keywords
- Rankings
- Invitations
- Searches
- LI Marketing
New LinkedIn Profile

Barbara Lewis
Market & Communicate to Grow Your Business
Marketing & PR | Certified Social Media Strategist | Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Current: Centurion Consulting Group
Previous: UCLA Anderson School of Management, Marketing Consulting Firm
Education: University of California, Los Angeles - The Anderson School of Management

LinkedIn URL & Websites

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Websites:
- Grow with a Marketing Plan
- Use PR to Engage Your Clients
- Get Great Info with Surveys

LinkedIn URL & Websites

LinkedIn URL:
www.linkedin.com/in/barbaraalewis/

Contact Info
2013 LinkedIn Initiatives

New Clients
• Optimize your LinkedIn page
• Grow LinkedIn connections
  • Invite current and potential referral sources, in database
  • Research referral sources in zip codes
• Join LinkedIn groups
• Participate in LinkedIn groups

Current Clients
• Connect with all your clients, so you can track what’s happening with them
• Follow your clients' companies

LinkedIn Case Studies
• Referral sources search on LI for professionals for their clients
• Make connection
• Introduce clients to LI connection.
Twitter Best Practices

Twitter Overview

- Social media and microblogging site
- As of February 2013, 500 million users worldwide
- Users send messages called “tweets”
  - Tweets are text based messages sent using **140 characters or less**
  - Users “follow” other users to receive updates and information
- Symbols
  - @name
  - #event or topic
Using links, quickly direct traffic to your website or blog.

Share relative and interesting information posted by other users

Twitter Case Study

- M&A Attorney with 900 followers; he follows 100
- Tweets 1 hour per day posting M&A deals and reading tweets from others
- Uses Hootsuite to distribute tweets to other platforms
- Points to 2 clients from Twitter – from referral sources
- Better merger advisor because he knows the deals and what’s happening

Lee Lloyd @jleelloyd
Google+ Best Practices

Google+ Statistics

- Google+ started in summer of 2011
- $585 million to build
- 343,000,000 registered users
- 72% are male & 28% are female
- 7.2 billion page views occur each day
- Daily visitors are 620 million
- 97% of revenue generated from advertising
Google + Statistics

**Top 10 Occupations on Google+**

- Writer (8%)
- Engineer (8%)
- Photographer (8%)
- Software Engineer (7%)
- Developer (7%)
- Self-Employed (6,346 users)
- Teacher (5%)
- Designer (5%)
- Software Developer (5%)
- Web Developer (5%)

**Top 10 Companies on Google+**

- Google (9,704 users)
- Cognizant (2,177 users)
- Apple (2,491 users)
- Microsoft (2,987 users)
- Freelance (2,609 users)
- Tata (3,462 users)
- Self-Employed (6,346 users)
- IBM (5,089 users)
- Infosys (3,181 users)
- Accenture (3,732 users)

Sources:
- http://www.reddit.com/r/socialmediatips/about
- http://www.nipaup.com/nipa13c

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**Top 10 Countries represented on Google+**

- United States 63,542 (15%)
- Germany 28,099 (7%)
- Canada 30,635 (8%)
- France 29,879 (7%)
- India 42,220 (10%)
- Brazil 14,656 (4%)
- Spain 19,070 (5%)
- China 32,043 (8%)
- Taiwan 39,200 (10%)

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Why Get on Google+

- Google controls ~75% of all internet searches
- Search rankings have a social media component
- Business listings are tied to Google+ (Google Places has been replaced by Google Local)
- Circles makes it easier to group contacts and send messages to each group (CPAs, FAs, attorneys, etc.)

Be careful: Google finds your content on the internet & populates your Google+ page.

Facebook Best Practices
Top 10 Facebook Brands

Facebook Statistics

Facebook Numbers

1 billion

Percentage of Users who are American 18%

Average # of Minutes Spent a Day on Facebook 12

Company Pages with More than 1 Million Fans 13%

Pieces of Content Shared Each Month on Facebook 30B
Facebook Overview

- As of February 2013, Facebook has more than 1 billion active users
- Users create a personal profile, add other users as friends and exchange messages and share about themselves by updating their profile.
- Business vs. Personal profiles
  - Users can “like” company profiles and receive updates as they would with their friends

Company profiles operate differently than personal profiles. Update clients with news, services, and articles related to the company.
Direct traffic back to the website with blog updates, articles, and pictures

Page Insights

- Track how many people are visiting your Facebook page monthly/weekly/daily
- View how often respond, comment, and like your posts
- Track how many people are visiting your Facebook page monthly/weekly/daily
- View how often respond, comment, and like your posts

**Page Insights**

Detailed report of daily traffic and interactions with other Facebook users.
Blogging Growth

Number of Blogs Tracked by NM Incite

Oct 11
173,000,000

Oct 10
148,452,047

Oct 09
127,035,018

Oct 08
78,763,157

Oct 06
35,771,454

Oct 07
61,353,334

Read as: In October 2011, NM Incite tracked 173 million blogs as sources of online buzz.
Source: NM Incite

Popular Blogging Platforms

• Wordpress (most popular)
  • Just under 63 million Wordpress sites in the world
  • Over 381 million people view more than 3.6 billion pages each month
  • 39.3 million new posts and 41.4 million new comments each month

• Blog.com
• Blogger
• Tumblr
Across Social Media Platforms

- Hootsuite - controls Twitter, Facebook, LinkedIn, Google+, WordPress, etc. Offers post scheduling and custom analytics.
- Choose your plan/pricing – 3 tiers ranging from free to $10 for upgraded features

Comparable resources: Seesmic, TweetDeck

Two Types of Marketing

**Relationship**
- Breaking bread
- Organization networking

**Reputation**
- Articles
- Webinars
- Newsletters
- Trade shows
- Website

Historically grew by relationship until... Internet
Two Types of Marketing Targets

**End Users**

- Physicians
- Law Firms
- Tech Companies

**Referral Sources**

- CPAs
- Attorneys
- Financial Advisors

Social Media: One of Many Marketing Activities

1. Advertisements
2. Blogs
3. Articles - By-lined & Quoted
4. eNewsletters
5. Events
6. Breakfasts/Lunches/Dinners
7. Press releases
8. Social Media
9. Speeches
10. Sponsorships
11. Surveys
12. Trade shows
13. Webinars
14. Website content
15. White papers

The Fabulous 15!
What Marketing Activities Work?

2013 NIPA Annual Forum & Expo

2013 NIPA Annual Forum & Expo
Track New Business Development: Measure Success

- Person who referred you the business
- Industry of referring person (e.g. CPA) or
- Marketing activity that generated the business

Future of Social Media

- Unemployed join the workforce = move toward full-employment – the landscape will change
- Corporate social media marketing usage will increase
- Writing skills will decrease

Unemployment Rate

If trend continues, we’ll reach 4.6 in 2019 considered full employment
What is the Future?

• http://biertijd.com/mediaplayer/?itemid=39089

It is not the strongest that survive or the most intelligent, but the one most responsive to change.

Charles Darwin
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What Can Go Wrong, but More Importantly, How to Correct It!
Monday, April 29, 2013

Barbara M. Clough, QPA, QKA, Director of Plan Administration, Blue Ridge ESOP Associates
Avaneesh Bhagat, IRS

Employee Plans Compliance Resolution System: Revenue Procedure 2013-12

Avaneesh Bhagat
IRS Employee Plans Voluntary Compliance
Avaneesh.K.Bhagat@irs.gov
• Employee Plans Compliance Resolution System (EPCRS)
• Currently set forth in Revenue Procedure 2013-12, which superseded Revenue Procedure 2008-50
• Information about EPCRS can be found at the [www.irs.gov/Retirement-Plans](http://www.irs.gov/Retirement-Plans) - click on the link “Correcting Plan Errors”

Rev Proc. 2013-12: Key Changes

• New VCP submission procedure- Forms, Model Compliance Statements
• 403(b)- New Definitions, Correction Principles
• Other changes e.g. Coordination with IRC 436; Excluded Employee scenarios for safe harbor 401(k) plans; 403(b) plans; SIMPLE IRA plans.
Effective Date

- Plan Sponsors may apply the provisions of Rev. Proc. 2013-12 on or after January 1, 2013, however, the VCP submissions must be made in accordance with the procedures set forth under this revenue procedure including mailing the VCP submission to the new mailing addresses set forth in section 11.12.

Required VCP Forms

- All VCP submissions submitted under Rev. Proc. 2013-12 must include two new Forms:
  - Form 8950, Application for Voluntary Correction Program and
  - Form 8951, Compliance Fee for Application for Voluntary Correction Program
Form 8950 solicits information, including some items previously submitted under separate cover. This includes:

- Initial penalty of perjury statement
- Abusive tax avoidance statement
- Examination statement
- Determination letter application statement
- Former Appendix C

Form 8950 includes a Procedural Requirements Checklist.

The checklist is not required to be completed.
Form 8951

- Specific the compliance fee that is being submitted. It also helps applicants determine the applicable VCP compliance fee.
- Must be attached to Form 8950.
- Is similar to Form 8717, User Fee for Employee Plan Determination, Opinion, and Advisory Letter Request.

Forms 8950 and 8951

- Forms 8950 and 8951 must be included for each VC submission, including anonymous submissions, group submissions and submissions involving multiple employer, multiemployer and orphan plans.
- Generally Form 8950 must be signed by the owner or an authorized employee of the plan sponsor (For exceptions see instructions, under Who Must Sign.)
New Mailing Address

- All VCP submissions and non-VCP submissions involving 457(b) plans, and any determination application, if applicable, are now being mailed to:
  
  Internal Revenue Service
  P.O. Box 12192
  Covington, KY 41012-0192

- VCP submissions shipped by express mail or a delivery service should be sent to:
  
  Internal Revenue Service
  201 West Rivercenter Blvd.
  Attn: Extracting Stop 312
  Covington, KY 41011

Assembling the VCP Submission

- Section 11.14 was revised to:
  1. Incorporate Form 8950 and Form 8951 requirements.
  2. Remove duplicative items captured by Form 8950.
  3. Clarify that the IRS will process VCP submissions and accompanying determination letter applications (if applicable) separately. Any documents required to be filed for both the VCP submission and the accompanying determination letter application must be provided in duplicate.
• Appendices C, D, E and F that were part of Rev. Proc. 2008-50 are no longer available under the new EPCRS Rev. Proc. 2013-12.
• These Appendices have been completely revised or no longer exist.

• Rev. Proc. 2013-12 includes a brand new Appendix C that contains:
  • Part I Model VCP Submission Compliance Statement; and
  • Part II: Model VCP Schedules 1 through 9 that resolve certain limited, specific qualification failures and which contain standardized correction methods. Such documents are designed to work with the model VCP submission compliance statement.

Appendix C Part I VCP Model Compliance Statement:

- Can be used for all VC submissions, but is not required.
- Can be combined with Appendix C Schedules 1 through 9.
- Requires narrative to be included on all VCP submissions that pertains to locating former participants.
Revisions of Appendices

- Appendix C, VCP Checklist, under Rev. Proc. 2008-50 has been done away with. However, some of its items have been revised and incorporated into the Form 8950 Procedural Requirement Checklist.
- Appendix D, VCP Submission, under Rev. Proc. 2008-50 has been replaced with Appendix D, Acknowledgment Letter.
- There is no longer an Appendix E or F.

Appendix C Part II: Schedules 1 through 9

- Former Appendix F, Schedules 1 through 9 under Rev. Proc. 2008-50 have been revised and are now Appendix C Schedules 1 through 9.
Appendix C Part II: Schedule 1

- The format of Schedule 1 has been changed.
- Page 1 now includes instructions as to when Schedule 1 can be used to report the correction of a failure to timely adopt good faith, interim amendments, or discretionary amendments required because of the plan's implementation of an optional law change.

- Page 2 now requires a list of each statutory, regulatory, or other requirement for which the Plan was not timely amended. A general statement referring only to a cumulative list or statute is not acceptable.
Schedule 2 has been revised to include:

- all non-amender failures through the 2012 Cumulative List, including pre-approved DB and DC plans,
- failure to timely adopt an amendment associated with a favorable DL, and
- a failure to timely adopt a written 403(b) plan.

Schedules 3, 4 and 9 were changed to reflect the revisions regarding the method of locating former participants or beneficiaries so that it coordinates with the Model VCP Submission Compliance Statement.
Electronic, Interactive Versions of Appendix C & D Are Available

- Interactive PDF versions of:
  - Appendix C Part I
  - Appendix C Part II-Schedules
  - Appendix D: Acknowledgement Letter
- May be completed online and then printed out
- Available at [www.irs.gov/retirement](http://www.irs.gov/retirement) then click on “Correcting Plan Errors” then click on “VCP fill-in-forms”

**403(b) Plans-Major Changes**

- EPCRS was revised to allow for the correction of new plan document and operational failures involving 403(b) plans that failed to comply with the new requirements of the final 403(b) regulations beginning with the 2009 plan year.
- 403(b) failures arising in pre-2009 plan years may be resolved by EPCRS if they comply with Rev. Proc. 2008-50 definitions.
403(b) Plans-New & Revised Definitions

- Section 5.02, Definitions for 403(b) Plans, has been modified to:
  - Add a definition of Plan Document Failure,
  - Revise the definitions of Operational Failure, Demographic Failure, and Employer Eligibility Failure to coordinate with the new definition of Plan Document Failure,
  - Add definitions of Overpayment and Favorable Letter.

403(b) Plans-New Correction Principles

- Section 6.10 was added to provide correction principles for 403(b) Plans:
  - Generally correction for a 403(b) Plan is expected to be the same as the correction required for a Qualified Plan with the same Failure (i.e., Plan Document Failure, Operational Failure, Demographic Failure, and Employer Eligibility Failure).
403(b) Plans-New Correction Principles

• Section 6.10(2) provides for Special 403(b) correction principles:
  • Some 403(b) failures can be corrected by treating a contract as a § 403(c) annuity contract.
  • A 403(b) Plan is generally treated as having a Favorable Letter if the employer has timely adopted a written 403(b) plan.
  • SCP availability to correct Operational Failures, the requirement to have established practices and procedures only applies for failures occurring after December 31, 2009.

• Section 6.10(3) provides correction principles for failure to adopt a written 403(b) plan:
  • Failure to adopt a written 403(b) plan timely in accordance with the final regulations under § 403(b) and Notice 2009-3 may be corrected under VCP and Audit CAP.
  • Issuance of a compliance statement or closing agreement for the failure to adopt a written 403(b) plan timely will result in the plan being treated as if it had been adopted timely for the purpose of making available the extended remedial amendment period set forth in Announcement 2009-89.
• Section 12.02 (5) was added to provide that the applicable compliance fee under section 12.02(1) is reduced by 50% if:
  a) the VCP submission involves a failure to adopt a written 403(b) plan timely in accordance with the final regulations under § 403(b) and Notice 2009-3,
  b) is the only failure included in the submission, and
  c) the VCP submission is made within the one-year period beginning with the date of publication of this revenue procedure.

The VCP submission must be sent to the Service no later than December 31, 2013 in order to be eligible for the reduced fee.

• 403(b) Plans, with plan document failures or certain operational failures arising from failure to comply with the final 403(b) regulations, that that were not closed or returned by December 31, 2012, will have the option to apply Rev. Proc. 2013-12.
  • The plan sponsor or their Power of Attorney will be asked to submit a written request asking the IRS to process the submission under Rev. Proc. 2013-12 requirements.
  • The written request should not be submitted until instructed by the VC specialist that has been assigned to work the VCP case.
  • The VCP submission will have to be revised depending on the format in which the submission was submitted under Rev. Proc. 2008-50.
SCP Eligibility and §415 failures
(ref: section 4.04 of Rev. Proc. 2013-12)

• Established practices and procedures (General rule):
  • The Plan Sponsor must have established practices and procedures (formal/informal) reasonably designed to promote and facilitate overall compliance with applicable Code requirements
  • A plan that permits elective contributions throughout the year would need have a mechanism to adjust any year end employer contributions to ensure compliance with §415

• A plan that provides for elective deferrals and nonelective employer contributions that are not matching contributions is not treated as failing to have established practices and procedures to prevent the occurrence of a §415(c) violation if:
  1. Excess annual additions under § 415(c) are corrected by return of elective deferrals to the affected employee
  2. Correction is completed within two and one-half months after the end of the plan’s limitation year.
  3. The correction does not violate another applicable Code requirement.
457(b) Plans

• Section 4.09 has been modified:
  • Under Rev. Proc. 2008-50, 457(b) plans sponsored by tax exempt organizations were not allowed under any circumstances.
  • Availability of correction is generally limited to governmental entities.
  • The Service may consider a submission where, for example, the plan was erroneously established to benefit the entity’s nonhighly compensated employees and the plan has been operated in a manner that is similar to a Qualified Plan.

Other Modifications—Funding of QNECS

• Section 6.02(4)(c) and Appendix A, section .03, were modified to clarify that for purposes of correcting a failed ADP, ACP or multiple use test, any amounts used to fund QNECs must satisfy the definition of QNEC in § 1.401(k)-6.
• This regulation does not allow a QNEC to be funded by plan forfeitures.
Other Modifications-DB Underpayments

- Section 6.02(4)(d) was modified to clarify that:
  - Delays in payment should be increased in accordance with the plan’s provisions for actuarial equivalence in effect at time when the payment should have been made.
  - Corrective distributions are not subject to the requirements of § 417(e)(3) if made to make up for missed payments for a benefit not subject to the requirements of § 417(e)(3).

Other Modifications-DB Overpayments

- Section 6.06(3) was revised to clearly address the correction of Overpayments made from defined benefit plans.
  - DB Overpayments must be corrected by following rules that are similar to those specified in Appendix B, section 2.04(1) with regard to the “Return of Overpayment and “Adjustment of Future Payment” correction methods.
  - Generally, attempt to recover erroneously distributed amounts (adjusted for interest) and to the extent necessary make adjustment to future benefit payments. If distributed amounts are not recovered, plan needs to inform participants that the excess distributions do not receive tax favored treatment, and the employer needs to contribute the unrecovered amounts to the plan.
Section 6.02(4)(e) was added to correction principles to reflect possible restrictions imposed by § 436, and to deal with a plan’s failure to comply with § 436 restrictions in operation.

Corrective contributions generally required to be made to the plan to pay for corrective distributions or corrective amendments while subject to § 436 restrictions.

Section 6.04(2)(c) was revised to add a sentence for plans under § 436 restriction. Corrective contributions may need to be made to a single employer DB pension plan if the spousal choice option discussed in this section is to be offered to the affected spouse.

Appendix A section .06 was revised to clarify that a correction involving the failure to timely pay a required minimum distribution in a defined benefit plan that is subject to a restriction under § 436 at the time of correction requires the Plan Sponsor to make a contribution to the plan.
Correction Principles and §436 Restrictions

- Appendix A, section .07(2) was revised to clarify that a lump sum payment made to a spouse for purposes of correcting a failure to obtain spousal consent before making distributions to a participant, for a plan that is subject to a restriction on single-sum payments under § 436(d) at the time of correction, is available only if the Plan Sponsor (or other person) makes a contribution to the plan.

- Appendix B, section 2.07(3) was revised to clarify that corrective plan amendments, used to resolve the early inclusion of otherwise eligible employees in a defined benefit plan, must consider the rules of § 436 if the plan is subject to restrictions on increase in liability for benefits under § 436(c) at the time of correction.

Employer Eligibility Failure

- Section 6.03 was revised to clarify that the benefits and responsibilities associated with this correction principle also apply if correction of the employer eligibility failure is accomplished via Audit CAP.
Lost Participants

- Section 6.02(5)(d) was revised to deal with lost plan participants who are owed benefits.
  - IRS letter forwarding program is no longer available as a safe harbor search method.
  - Specifies some methods that may be used to find lost participants (i.e. use of a non-IRS letter forwarding program, a commercial locator service, a credit reporting agency, or Internet search tools.)
  - A plan will not be considered to have failed to correct a failure due to the inability to locate an individual if reasonable actions to locate the individual have been undertaken in accordance with this section 6.02(5), provided that, if the individual is later located, the additional benefits are provided to the individual at that time.

VCP and the Determination Letter (DL) Application Requirement

- Section 6.05 was revised to specify that a determination letter application is not to be submitted under EPCRS if:
  - Demographic Failures. [NEW]
  - Non-amender failures limited to specific late “good faith amendments”, “interim amendments” and “Optional law changes” defined in section 6.05(3)(a).
  - Operational failures corrected by plan amendments by off-cycle plan sponsors. Will need to submit a DL application when on-cycle.
  - Failure to adopt amendments required under the terms of a favorable determination letter. [NEW]
  - Failure corrected by use of either IRS Model amendment or Pre-approved plans with applicable IRS opinion/advisory letter.
VCP, amendments to Preapproved Plans and the DL Application Requirement

• Section 6.05(5) was added to address corrective amendments to pre-approved plans.
  • A plan sponsor may continue to rely on a pre-approved opinion letter even if the corrective amendment was not in the pre-approved plan document provided that:
    i. the corrective amendment would otherwise be permitted under the rules for pre-approved plans and
    ii. no other modification has been made to the plan that would cause the plan to lose its reliance on the opinion or advisory letter.
  • If these conditions are satisfied, the plan sponsor will be allowed to continue to rely on the plan’s opinion or advisory letter, and a separate DL application is not required.

DB Overpayments

• Section 6.06(3) was revised to clearly address the correction of Overpayments made from defined benefit plans.
  • DB Overpayments must be corrected by following rules that are similar to those specified in Appendix B, section 2.04(1) with regard to the “Return of Overpayment and “Adjustment of Future Payment” correction methods.
  • Generally, attempt to recover erroneously distributed amounts (adjusted for interest) and to the extent necessary make adjustment to future benefit payments. If distributed amounts are not recovered plan needs to inform participants that the excess distributions do not receive tax favored treatment, and the employer needs to contribute the unrecovered amounts to the plan.
DC Overpayments

1. The employer takes reasonable steps to have the Overpayment, adjusted for Earnings at the plan’s earnings rate from the date of the distribution to the date of the repayment, returned by the participant or beneficiary to the plan.

2. To the extent the amount of an Overpayment adjusted for earnings at the plan’s earnings rate is not repaid to the plan, the employer or another person must contribute the difference to the plan.

3. The employer does not have to contribute the difference, however, if “the failure arose solely because a payment was made from the plan to a participant or beneficiary in the absence of a distributable event (but was otherwise determined in accordance with the terms of the plan (e.g. an impermissible in-service distribution).”

Miscellaneous- Loans; Anonymous Submissions

• Section 6.07 was revised to clarify that the correction principles for loans also apply to Audit CAP.

• Section 10.10 was revised and section 11.08(2) was added to require that if a submission is made by a person representing the plan sponsor, then, as part of the submission, the representative must, under penalty of perjury, assert that the representative complies with the power of attorney requirements described in section 11.07 and that the representative will submit an executed copy of a Form 2848 upon the disclosure of the identity of the Plan Sponsor to the Service.
Sections 10.11(1) and 12.05 were revised to clarify that in the case of either a prototype or specimen plan, the number of plans (for the purpose of determining the number of group submissions that may be required) is based on the number of basic plan documents, not adoption agreements.

Section 10.12(2) was revised to clarify that the VCP compliance fee or Audit CAP sanction imposed in regard to multiple employer plans or multiemployer plans is based on participants rather than assets.

Section 11.04(3) was revised to provide that if a restated plan document is being submitted as evidence of correction then the plan sponsor must identify the corrective plan language in the restated plan that fixes the disclosed qualification failures.

Section 11.05 now requires a photocopy of the check for the VCP compliance fee to be included with the submission.

Section 12.01(2) provides notice that VCP compliance fee checks may be converted into an electronic fund transfer.
**Miscellaneous – Reduced VCP fees**

- Section 12.03(3) now provides a flat $500 compliance fee if:
  - the sole failure of the submission is the failure to adopt an amendment (upon which a favorable determination letter is conditioned) within the applicable remedial amendment period; and
  - the required amendment is or was adopted within three months of the expiration of the remedial amendment period for adopting the proposed amendment. Generally, if the amendment was adopted more than six months from the date of the original determination letter it does not qualify for the reduced compliance fee.

**Miscellaneous – VCP fees**

- Sections 12.04 was added to provide that if a VCP submission includes multiple failures, each of which is subject to a reduced fee, then the fee for the submission will be the lesser of the sum of the reduced fees or the regular compliance fee.
- Section 12.08 was revised to clarify how to determine the number of plan participants if the Plan Sponsor is not required to file a Form 5500 series return with regard to a Qualified Plan or 403(b) Plan eligible for VCP.
• Section 14.04(1) & (2) were revised to update the fee schedule and its acronyms for nonamenders discovered during the determination letter application process not related to a VCP submission:

<table>
<thead>
<tr>
<th>Number of Participants</th>
<th>Employer’s Remedial Amendment Cycle</th>
<th>Employee’s Remedial Amendment Cycle</th>
<th>GUB/1740/401(a)(9) No.</th>
<th>IRA/536/1995</th>
<th>TNA/2014</th>
<th>T/DRI</th>
<th>ERA/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or fewer</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
<td>$ 2,500</td>
</tr>
<tr>
<td>21-100</td>
<td>$ 5,000</td>
<td>$ 5,000</td>
<td>$ 7,000</td>
<td>$ 7,000</td>
<td>$ 7,000</td>
<td>$ 7,000</td>
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</tr>
<tr>
<td>101-500</td>
<td>$ 7,500</td>
<td>$ 7,500</td>
<td>$ 10,500</td>
<td>$ 10,500</td>
<td>$ 10,500</td>
<td>$ 10,500</td>
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<td>$17,500</td>
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<tr>
<td>1,001-2,500</td>
<td>$17,500</td>
<td>$22,500</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>2,501-5,000</td>
<td>$22,500</td>
<td>$30,000</td>
<td>$30,000</td>
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<td>$65,000</td>
<td>$65,000</td>
<td>$65,000</td>
<td>$65,000</td>
<td>$65,000</td>
</tr>
</tbody>
</table>

• Section 14.04(3) & (4) were added to provide reduced fee amounts for certain nonamender failures discovered during the determination letter application process not related to a VCP submission:
  • Section 14.04(3) – If the sole failure consists of a failure to timely adopt good faith amendments, interim amendments, or amendments required to reflect the changed operation of the plan on account of the Plan Sponsor’s decision to implement optional law changes by their applicable deadlines, but before the expiration of the plan’s extended remedial amendment period, the fee is 40% of the applicable fee under “Employer’s 2nd Remedial Amendment Cycle” on the chart in section 14.04(1).
• Section 14.04(4) provides for a flat $1,000 fee if:
  a) the sole failure discovered is the failure to adopt an amendment (upon which a favorable determination letter was conditioned) within the applicable remedial amendment period; and
  b) the required amendment is or was adopted within three months of the expiration of the remedial amendment period for adopting the proposed amendment. Generally, if the amendment was adopted more than six months from the date of the original determination letter it does not qualify for the reduced fee.

• Appendix A, section .01 was revised to:
  • Clarify that all correction methods permitted in Appendix A and Appendix B are deemed to be reasonable and appropriate methods of correcting a failure.
  • Clarify that there may be more than one reasonable and appropriate correction method of a failure. Any correction method used that is not described in Appendix A or B would need to satisfy the correction principles of section 6.02.
Erroneously excluded employees - App A .05

- Appendix A, section .05 and related examples in Appendix B were revised to generally provide that:
  - matching contribution owed to a participant may be made in the form of a corrective employer matching contribution, instead of a QNEC.
  - corrective employer matching contribution (unlike a QNEC) would be subject to the vesting schedule under the plan that applies to employer matching contributions.

Erroneously Excluded Employees - App A .05

- Appendix A, section .05 was revised and expanded to add safe harbor corrections relating to the improper exclusions of employees from safe harbor 401(k) plans under sections 401(k)(13), 403(b) plans and SIMPLE IRA plans.
• 401(k)(12)- missed deferral is deemed equal to the greater of 3% or the maximum deferral percentage for which the employer provides a matching contribution rate that is at least as favorable as 100% of the elective deferral made by the employee.

• 401(k)(13)- if failure occurs for a period that does not extend past the last day of the first plan year which begins after the date on which the first deferral would have been made (but for the failure), then the missed deferral is deemed equal to 3%; if the failure occurs during a period subsequent to that- then the missed deferral for each subsequent year is equal to the qualified percentage specified in the plan document to comply with § 401(k)(13)(C)(iii).

• 403(b)- the missed deferral is deemed equal to the greater of 3% of compensation or the maximum deferral percentage for which the Plan Sponsor provides a matching contribution rate that is at least as favorable as 100% of the elective deferral made by the employee

• SIMPLE- the missed deferral is deemed to be 3% of compensation
Common Error - Required Minimum Distributions

• Code Section 401(a)(9) requires that terminated participants who have attained age 70 ½ or any 70 ½ participants who are 5% owners must receive a minimum distribution annually.

• Error – required minimum distribution not paid by required deadline.
Corrective for Required Minimum Distributions

- Affected participants must receive their distribution as soon as possible based upon the appropriate account balance and age factors
- Participant is subject to a 50% excise tax for late payment

Common Error - Compensation

- Plan documents define the compensation to be used for allocation purposes
- Errors which can occur:
  -Incorrect wages used for allocation
    - Compensation prior to entry date
    - Exclusion of certain types of compensation – overtime, bonuses, etc.
  -Post-severance compensation not included
Correction for Compensation Errors

• Redo allocation with correct compensation
• Provide makeup allocation for post-severance exclusion
• Complete non-discrimination testing under 414(s)

Common Error - Eligibility

• Provisions for participants to become eligible to participate in the ESOP and to receive allocations are defined in the Plan Document
• Common errors:
  • Incorrect dates of birth and hire are provided so a participant does not enter the plan on the correct entry date and the misses an allocation
  • Incorrect hours are reported
    • Participant “misses” entry
    • Participant is excluded/included in allocation
Correction for Eligibility Errors

- Correct date of participation in plan records
- Follow plan document provisions for removal of incorrect contributions or for makeup for missed allocations
- Missed allocations are typically made by additional employer contributions, however, forfeitures may be used if document allows

Common Error – Incorrect HCE Determination

- HCEs can be incorrectly identified due to
  - Utilization of compensation other than total in determination
  - Ownership information incorrect
  - Family relations not reported
- HCEs must be determined in accordance with Plan Document
- The same HCE definition must be applied to all plans of the sponsor
- Top 20% determination applied incorrectly
Correction for Incorrect HCE Determination

- Correctly identify HCEs
- Redo affected testing
- If testing results cause failures correct testing to comply with regulatory limits or other corrective requirements

401(k)/401(m) Non-Discrimination Test Errors

- Test processed with
  - Incorrect HCE Determination
  - Incorrect 401(k) deferrals or employer match calculations
- Test processed utilizing incorrect testing method
  - Current vs. Prior
- Test is based on Prior and errors are determined in prior year’s testing
- Permissive Disaggregation testing incorrect due to date errors
Correction for Non-Discrimination Test Errors

- Rerun testing
- Process additional refunds if necessary
- Provide corrective QNEC/QMAC contributions if necessary

Common Error - Vesting

- A participant’s vested percentage is based on years of service as defined in the plan document. A participant’s vested percentage is applied to their account balance in order to determine the distribution payable upon termination
Vesting Issues

• How is a Year of Service defined in the Plan Document?
• What is the computation period?
  • Plan Year
  • Anniversary Date
• How are hours of service counted?
  • Actual Hours
  • Equivalency Method

Vesting Example

Participant Data – Suzie Snow
  Date of Hire: May 15, 2007
  Date of Term: November 2, 2010
Calculation based on plan years with 1000 hours
Calculation based on anniversary
  May 15, 2008, 2009, 2010 = 3 yos
Correction for Vesting Issues

• If participant was underpaid provide a residual distribution to make participant whole
• Forfeitures – redo allocation for year in which forfeiture occurred or have company make a corrective contribution

DOL Relief Program

• Delinquent Filer Voluntary Correction Program (DFVCP)
  • Late filing of Form 5500
    • Not under DOL exam (can file if IRS inquiry)
    • Dual filing – paper with fine to one address
      • EFAST computerized filing with EBSA
    • Penalties –
      • $10/day
      • $2,000 large plan; $750 small plan per return cap
      • $4,000 large plan; $1,500 small plan (<100 ees) per plan cap
Questions?

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IRS Employee Plans
Voluntary Compliance
IRC §436 Overview

- IRC §436 provides certain restrictions on single and multiple employer defined benefit plans that are excessively underfunded.
- The basic purpose of IRC §436 is to limit increases in plan liabilities or large distributions that may drain a plan’s assets when the plan is under-funded.
- Satisfaction of IRC §436 is a plan qualification requirement under IRC §401(a)(29).
- Note that there are some special rules that apply only to collectively bargained plans – this session will assume that the plan is not collectively bargained.
Basic AFTAP Determination

• The Adjusted Funding Target Attainment Percentage (AFTAP) is generally equal to the ratio of:
  • The actuarial value of assets (reduced by the funding standard carryover and prefunding balances) + the total amount of annuity purchases for NHCEs made during the past 2 years, to
  • The funding target (without regard to at-risk assumptions) + the total amount of annuity purchases for NHCEs made during the past 2 years

• A participant is deemed to be an NHCE if they are not an HCE at the time of the annuity purchase.

• If the denominator of the AFTAP is equal to zero, then the AFTAP is deemed to be equal to 100%.

Basic AFTAP Determination

• The funding balances (funding standard carryover balance and the prefunding balance) are ignored for purposes of the AFTAP if the plan is considered to be fully funded.
  • The plan is considered fully funded if the actuarial value of the assets (without reduction for the funding balances) is at least as large as the funding target (without regard to at-risk assumptions).

• The segment rates used to determine the funding target must be determined with regard to MAP-21 adjustments.

• The AFTAP is determined as of the valuation date (generally the first day of the year).
Basic AFTAP Determination

• The AFTAP must be certified by an enrolled actuary.
  • The certification is done during the plan year once the actuary has received the data from the plan sponsor needed to determine the AFTAP.
• The actuarial value of assets (AVA) must include any receivable contributions for the prior year, to the extent that they were made by the AFTAP certification date. These contributions are discounted with interest from the date actually made to the current year valuation date using the plan effective rate for the prior plan year.

Basic AFTAP Determination – Example 1

• Determine the AFTAP using the following information, for a plan with a valuation date of 1/1/2013.
  • Funding target as of 1/1/2013: $2,000,000
  • AVA as of 1/1/2013: $1,500,000
  • Prefunding balance as of 1/1/2013: $10,000
  • Contributions for 2012:
    • $40,000, deposited on 3/1/2013
    • $90,000, deposited on 9/15/2013
  • Plan effective rate for 2012: 5.75%
  • There have never been any purchases of annuities for any plan participant.
  • The 2013 AFTAP is certified on June 30, 2013
Basic AFTAP Determination – Example 1

• Determination of the AFTAP
  • The AVA must be increased by the receivable contributions that were made on or before 6/30/2013. Only the $40,000 contribution was made by that date; the $90,000 contribution is ignored.
  • Value of $40,000 contribution as of 1/1/2013:
    • $40,000 ÷ 1.0575^{2/12} = $39,629
  • Adjusted AVA as of 1/1/2013: $1,500,000 + $39,629 = $1,539,629
  • AFTAP = ($1,539,629 - $10,000)/$2,000,000 = 76.48%

IRC §436 Restrictions

• The following restrictions may apply if the AFTAP is below certain thresholds.
  • Shutdown benefits and other unpredictable contingent event (UCE) benefits cannot be paid (generally) if the AFTAP is less than 60%.
  • Plan amendments increasing past service benefit liabilities cannot go into effect (generally) if the AFTAP is less than 80%.
  • Accelerated benefit distributions cannot be paid if the AFTAP is less than 60%; the accelerated distributions can be paid on a limited basis if the AFTAP is at least 60% but less than 80%.
  • Benefit accruals must be frozen as of the valuation date if the AFTAP is less than 60%.
  • Only the restriction limiting accelerated distributions applies during the first 5 years of the plan.
Restricted Plan Amendments

- Plan amendments increasing only future benefit accruals are **not** restricted.
  - Example A
    - Normal retirement benefit prior to 2013 is 1% of average compensation per year of service
    - Normal retirement benefit after 2012 is 1% of average compensation per year of service prior to 1/1/2013 plus 1.25% of average compensation per year of service after 12/31/2012
    - This amendment is not restricted
  - Example B
    - Normal retirement benefit prior to 2013 is 1% of average compensation per year of service
    - Normal retirement benefit after 2012 is 2% of average compensation per year of service
    - This amendment is potentially restricted

Restricted Plan Amendments

- The restriction can occur if one of two situations exist
  - AFTAP is less than 80%; or
  - AFTAP is at least 80% but the AFTAP would be less than 80% if the increase in past service liabilities resulting from the proposed amendment was added to the funding target

  - Example
    - Funding target (before amendment) = $925,000
    - Actuarial value of assets = $850,000
    - Funding balance = $100,000
    - Assets used to purchase annuities in past 2 years for HCEs = $40,000
    - Assets used to purchase annuities in past 2 years for NHCEs = $10,000
    - Increase in funding target due to plan amendment = $80,000
Restricted Plan Amendments

• AFTAP = \( \frac{750,000 + 10,000}{925,000 + 10,000} = 81.28\% \)

• “Adjusted” AFTAP = \( \frac{750,000 + 10,000}{925,000 + 80,000 + 10,000} = 74.88\% \)

• The amendment is restricted because the “adjusted” AFTAP (taking into account the increase in the funding target due to the proposed plan amendment) is less than 80%. Note that the actual AFTAP does not change – it is still 81.28%.

• If an amendment is restricted early in a plan year, and later that year is no longer restricted, then the amendment takes effect on its original effective date.

• If the restriction applies for the entire year, and at a later time the restriction no longer applies, then:
  • Generally the amendment is deemed to have never existed; however,
  • If the amendment specifically states that it will take effect at the time that the restriction no longer exists, then it becomes effective at that later time.
Restricted Plan Amendments

• Examples of restricted plan amendments
  • Increase in either the benefit or the rate of accrual
  • Establishment of a new benefit (such as the addition of an early retirement benefit option)
  • A change in the vesting schedule (other than a required statutory change – such as the required use of a top heavy vesting schedule)

Freezing Benefit Accruals

• Benefit accruals must be frozen as of the date that the AFTAP is either certified or presumed to be less than 60%.
  • In addition, the plan cannot be amended to increase benefits or establish new benefits (even if the plan is not otherwise restricted with regard to plan amendments)
Freezing Benefit Accruals

- Benefit accruals resume on the date that the restriction no longer applies (the AFTAP is – or is presumed to be – at least 60%)
  - The plan can also be amended to restore benefit accruals that were not allowed during the period of time when the accruals were required to be frozen
  - Note that the amendment restoring benefit accruals may be restricted if the AFTAP is less than 80%
    - There is no restriction on restoring benefit accruals if the benefits have been frozen for less than 12 months and the plan’s AFTAP would not be less than 60% after taking into account the restoration of the past benefit accruals

Restricted Distributions

- Accelerated benefit distributions are prohibited at varying levels if the AFTAP is less than 60% or 80%.
  - If the plan sponsor is in Chapter 11 bankruptcy, then accelerated distributions are prohibited if the AFTAP is less than 100%.
  - Otherwise, an accelerated distribution cannot be paid if the AFTAP is less than 60%.
  - A partial accelerated distribution can be paid if the AFTAP is at least 60% but less than 80%.
  - An accelerated distribution is generally a payment in excess of a life annuity (including social security supplements). A payment made to an insurance company to purchase an annuity is an accelerated distribution.
Restricted Distributions

• Partial accelerated distributions can be paid if the AFTAP is at least 60% and less than 80%.
  • The partial accelerated distribution cannot exceed the smaller of:
    • 50% of the unrestricted payment, or
    • The present value of the dollar maximum guaranteeable PBGC benefit payable had the plan terminated under PBGC termination rules. This present value is determined using IRC § 417(e)(3) applicable interest and mortality, with a lookback month of 5 months before the current plan year.
  • Only one partial payment can be made to any participant for any period of consecutive years for which the restriction on accelerated distributions applies.

Participant options if only partial accelerated distribution can be made.

• The participant can elect to bifurcate (split into two parts) the benefit into restricted and unrestricted portions.
  • The unrestricted portion is paid in the form elected by the participant (the form that had been subject to restrictions)
  • The restricted portion is paid in a form of annuity under the terms of the plan that is not subject to the accelerated distribution limitation.
• The participant can elect to defer payment of any benefit until a later date (when the plan is no longer subject to restrictions).
  • This option can only be elected if it is allowed under the terms of the plan
  • Care must be taken that there is no violation of any qualification requirement, such as required distributions under IRC § 401(a)(9)
Restricted Distributions

• Participant options if only partial accelerated distribution can be made. (continued)
  ▪ The participant can elect to receive the entire benefit in any other form allowed under the terms of the plan that is not subject to restrictions.
    ▪ The plan can allow that the participant receive the remaining benefit in the restricted form at a later date (once the restriction no longer applies)

• Lump sum payments of no more than $5,000 are not subject to the accelerated distribution restriction.

Certification of AFTAP

• Certification of the AFTAP should generally be made within the first 9 months of the plan year.
• If a certification is made more than 9 months after the beginning of the plan year, it does not take effect until the first day of the next plan year.
• The certification must be in writing by an enrolled actuary, and provided to the plan administrator.
Certification of AFTAP

The certification includes:

- Value of plan assets
- Amount of funding balances
- Funding target
- Annuity purchases used to adjust the funding target
- Plan amendments taken into account
- UCE benefits taken into account

The actuarial assumptions and cost method used to determine the AFTAP must be the same as were used for minimum funding.

It is also possible to make a range certification, stating that the AFTAP is within a key range (less than 60%, at least 60% and less than 80%, or at least 80%). The final AFTAP must be certified no later than the end of the plan year (hopefully indicating an AFTAP within the range).
Presumed AFTAP

• It is unlikely that the AFTAP will be certified on the first day of the year. An AFTAP must be “presumed” during the year until the current year AFTAP is certified.
  • As of the first day of the plan year, the AFTAP is presumed to be equal to the prior year AFTAP
  • As of April 1 (or the first day of the 4th month of the plan year), the AFTAP is presumed to be 10 percentage points less than the prior year AFTAP
  • As of October 1 (or the first day of the 10th month of the plan year), the AFTAP is presumed to be less than 60%

Once an AFTAP is certified, the presumed AFTAP no longer is in effect.

• If the AFTAP is certified after September 30 (the last day of the 9th month of the plan year), then the AFTAP for the rest of the plan year is presumed to be less than 60%. This is true regardless of the what the certified AFTAP ends up being.
Examples of Presumed AFTAP

• Example 1 Data:
  • The AFTAP for 2012 is certified on 7/1/2012 to be 65%
  • The AFTAP for 2013 is certified on 7/1/2013 to be 85%

• Result:
  • In 2013, the AFTAP is presumed to be 65% beginning on
    1/1/2013 and is presumed to be less than 60% beginning on
    4/1/2013 (because 65% minus 10% is less than 60%)
    • The restrictions that apply when the AFTAP is at least 60% and less
      than 80% apply from 1/1/2013 through 3/31/2013
    • The restrictions that apply when the AFTAP is less than 60% apply
      from 4/1/2013 through 6/30/2013
  • The presumed AFTAP no longer applies on 7/1/2013 because
    the AFTAP for 2013 is certified to be 85% -- and no restrictions
    apply beginning on 7/1/2013

• Example 2 Data:
  • The AFTAP for 2012 is certified on 7/1/2012 to be 85%
  • The AFTAP for 2013 is certified on 7/1/2013 to be 90%

• Result:
  • In 2013, the AFTAP is presumed to be 85% beginning on
    1/1/2013 and is presumed to be at least 60% and less than 80%
    beginning on 4/1/2013 (because 85% minus 10% is 75%)
    • No restrictions apply from 1/1/2013 through 3/31/2013
    • The restrictions that apply when the AFTAP is at least 60% and less
      than 80% apply from 4/1/2013 through 6/30/2013
  • The presumed AFTAP no longer applies on 7/1/2013 because
    the AFTAP for 2013 is certified to be 90% -- and no restrictions
    apply beginning on 7/1/2013
Examples of Presumed AFTAP

• Example 3 Data:
  • The AFTAP for 2012 is certified on 7/1/2012 to be 75%
  • The AFTAP for 2013 is certified on 7/1/2013 to be 90%

• Result:
  • In 2013, the AFTAP is presumed to be 75% beginning on 1/1/2013 and continues to be presumed as 75% beginning on 4/1/2013 (because 75% minus 10% is 65%, which falls within the same 60% to 80% range)
    • The restrictions that apply when the AFTAP is at least 60% and less than 80% apply from 1/1/2013 through 6/30/2013
    • The presumed AFTAP no longer applies on 7/1/2013 because the AFTAP for 2013 is certified to be 90% -- and no restrictions apply beginning on 7/1/2013

• Example 4 Data:
  • The AFTAP for 2012 is certified on 7/1/2012 to be 55%
  • The AFTAP for 2013 is certified on 12/1/2013 to be 85%

• Result:
  • In 2013, the AFTAP is presumed to be 55% for the entire year, and all restrictions apply.
  • The 2013 AFTAP was certified after 9/30/2013, so it does not take effect until 1/1/2014 (at which point it will be the presumed AFTAP as of 1/1/2014)
Examples of Presumed AFTAP

- Example 5 Data:
  - The AFTAP for 2012 is certified on 7/1/2012 to be 55%
  - The AFTAP for 2013 is certified on 3/1/2014 to be 85%
  - The AFTAP for 2014 is certified on 3/31/2014 to be 75%

- Result:
  - In 2013, the AFTAP is presumed to be 55% for the entire year, and all restrictions apply.
  - The 2013 AFTAP was not certified until 3/1/2014, so the presumed AFTAP continues to be 55% until that date.
  - On 3/1/2014, the 2013 AFTAP is certified as 85%, so all restrictions are lifted on that date.
  - On 3/31/2014 the 2014 AFTAP is certified as 75%, so the restrictions that apply when the AFTAP is at least 60% and less than 80% apply beginning on 4/1/2014.

Re-certification of AFTAP

- An AFTAP can be re-certified if:
  - There is a correction to the prior certification, or
  - The certification needs to be updated due to new facts that have occurred since the original certification

- A material change in the AFTAP is required to be applied retroactively (as if the re-certified AFTAP was the original certified AFTAP).
  - A change is generally deemed to be material if it would cause a change in the restrictions that are placed on a plan (the re-certified AFTAP falls in a different range than the original AFTAP)
  - Note that a material change can occur even if the re-certified AFTAP is in the same range if the change has an impact on the presumed AFTAP in the following year
• An immaterial change is generally a change in the AFTAP that is not a material change.
• In addition, a change is considered immaterial if it is due to any of the following circumstances:
  • Additional contributions were made for the prior plan year by the plan sponsor (these additional contributions are interest-adjusted and added to the actuarial value of assets)
  • The plan sponsor makes an election to reduce either or both of the funding balances
  • The plan sponsor elects to apply a funding balance to the prior year’s minimum required contribution
  • There was a change in the funding method or actuarial assumptions that required actual IRS approval (not automatic or deemed approval)

• An immaterial change is applied prospectively and does not change the past applicability (or non-applicability) of any restriction.

• **A material change can result in plan disqualification.**
• Note that if a range certification is made, and the final certification does not fall within that range, there is a material change in the AFTAP.
Methods to Avoid Benefit Limitations

• The employer can provide security to be included as a plan asset (increasing the AFTAP)
  • A surety bond can be issued as security
  • Cash or U.S. Obligations that mature in no more than 3 years (held by a bank or insurance company) can be used as security
• The plan sponsor can make an election to reduce the funding balances
  • This is required to be done to the extent that the reduction would allow the AFTAP to reach either the 60% or 80% thresholds, but only if the plan has any optional form of accelerated distribution

• The employer can make an additional contribution for the prior year
  • This is added (with interest adjustment) to the actuarial value of assets, increasing the AFTAP
• The plan sponsor can make an additional contribution for the current year designated as a “436 contribution”
  • A “436 contribution” cannot be used to satisfy minimum funding for the current (or any) year, but is deductible provided it can be deducted under IRC § 404
  • The “436 contribution” is interest adjusted to the valuation date using the current year plan effective rate
  • A “436 contribution” cannot be used to avoid the restriction on accelerated distributions
Methods to Avoid Benefit Limitations

• Reducing the funding balances – Example 1
  • Funding target as of 1/1/2013: $925,000
  • Actuarial value of assets as of 1/1/2013: $850,000
  • Prefunding balance as of 1/1/2013: $100,000
  • Assets used to purchase annuities for NHCEs in 2011 and 2012: $10,000
  • Increase in funding target due to 2013 plan amendment: $80,000
  • The employer elects to reduce the prefunding balance in the smallest amount needed to allow the plan amendment to take effect in 2013

  $10,000  $925,000
  $10,000  $100,000 - $850,000

2013 NIPA ANNUAL FORUM & EXPO

Methods to Avoid Benefit Limitations

• Reducing the funding balances – Example 1 (continued)
  • AFTAP = \( \frac{850,000 - 100,000 - 10,000}{925,000 + 10,000} \) = 81.28%
  • “Adjusted” AFTAP = \( \frac{850,000 - 100,000 - 10,000}{925,000 + 80,000 + 10,000} \) = 74.88%
  • Both the AFTAP and the “adjusted” AFTAP must be at least 80%.
  • Reduce the prefunding balance such that the “adjusted” AFTAP is exactly 80%.
  • Revised “adjusted” AFTAP = \( \frac{850,000 - 48,000 + 10,000}{925,000 + 80,000 + 10,000} \) = 80%
  • The prefunding balance is reduced to $48,000
  • Certified AFTAP = \( \frac{850,000 - 48,000 + 10,000}{925,000 + 10,000} \) = 86.84%

2013 NIPA ANNUAL FORUM & EXPO
Methods to Avoid Benefit Limitations

• Reducing the funding balances – Example 2
  • Funding target as of 1/1/2013: $1,000,000
  • Actuarial value of assets as of 1/1/2013: $650,000
  • Prefunding balance as of 1/1/2013: $130,000
  • Assets have never been used to purchase annuities
  • The plan provides optional lump sum payments

• AFTAP = (650,000 – 130,000)/1,000,000 = 52%
• The plan would be subject to the restriction on accelerated distributions if this AFTAP were certified
• If the prefunding balance is reduced to $50,000 then the AFTAP would be 60%, resulting in only a partial restriction on accelerated distributions
• The reduction in the prefunding balance is required
• Note that even if the entire prefunding balance was reduced to zero, the AFTAP would be 65%, and the plan would still be subject to the partial restriction
Methods to Avoid Benefit Limitations

• Rules regarding an additional contribution for the prior year
  • If the AFTAP is below 60%, the additional contribution must be an amount that would allow the AFTAP to be equal to exactly 60% in order to prevent freezing of benefit accruals and a restriction on accelerated distributions.
  • If the AFTAP is at least 60% but less than 80%, the additional contribution must be an amount that would allow the AFTAP to be equal to exactly 80% in order to prevent a partial restriction on accelerated distributions.

• Rules regarding an additional contribution for the prior year (continued)
  • If there is a potentially restricted plan amendment, then both the AFTAP and the “adjusted” AFTAP must be at least 80%.
    • The “adjusted” AFTAP is always less than the AFTAP, so the additional contribution must be an amount that would allow the “adjusted” AFTAP to be exactly 80%.
  • If there is a potential for restriction of UCE benefit payments, then both the AFTAP and the “adjusted” AFTAP must be at least 60%.
    • The “adjusted” AFTAP is always less than the AFTAP, so the additional contribution must be an amount that would allow the “adjusted” AFTAP to be exactly 60%.
Methods to Avoid Benefit Limitations

• Additional prior year contribution – Example
  • Funding target as of 1/1/2013: $2,000,000
  • Actuarial value of assets as of 1/1/2013: $1,650,000
  • There are no funding balances
  • Assets have never been used to purchase annuities
  • Increase in funding target due to 2013 plan amendment: $120,000
  • The employer elects to make an additional contribution for 2012 on 7/1/2013 in the smallest amount needed to allow the plan amendment to take effect in 2013
  • Plan effective rate for 2012: 5%

• “Adjusted” AFTAP = 1,650,000/(2,000,000 + 120,000) = 77.83%
• An additional contribution (X) must be added to the numerator to bring the “adjusted” AFTAP to 80%
• “Adjusted” AFTAP = (1,650,000 + X)/2,120,000 = 80%
• Solving, X = $46,000
• This must be interest adjusted at the 2012 plan effective rate of 5% to the contribution date of 7/1/2013
• $46,000 × 1.05^{6/12} = $47,136
Methods to Avoid Benefit Limitations

• Rules regarding 436 contribution for the current year
  • If the AFTAP is below 60%, the 436 contribution must be an amount that would allow the AFTAP to be equal to exactly 60% in order to prevent freezing of benefit accruals.
  • If there is a potentially restricted plan amendment, then both the AFTAP and the “adjusted” AFTAP must be at least 80%.
    • If the AFTAP is less than 80%, then the 436 contribution must be an amount equal to the increase in the funding target due to the plan amendment.
    • If the AFTAP is at least 80% and the “adjusted” AFTAP is less than 80%, then the 436 contribution must be an amount that would allow the “adjusted” AFTAP to be exactly 80%.
  • Note that the AFTAP is not re-certified after a 436 contribution is made – the 436 contribution simply allows the plan amendment to take effect even though this would otherwise not be allowed.

• Rules regarding 436 contribution for the current year (continued)
  • If there is a potential restriction on payment of UCE benefits, then both the AFTAP and the “adjusted” AFTAP must be at least 60%.
    • If the AFTAP is less than 60%, then the 436 contribution must be an amount equal to the UCE benefits to be paid.
    • If the AFTAP is at least 60% and the “adjusted” AFTAP is less than 60%, then the 436 contribution must be an amount that would allow the “adjusted” AFTAP to be exactly 60%.
  • Note that the AFTAP is not re-certified after a 436 contribution is made – the 436 contribution simply allows the UCE benefits to be paid even though this would otherwise not be allowed.
• 436 contribution – Example 1
  • Funding target as of 1/1/2013: $2,000,000
  • Actuarial value of assets as of 1/1/2013: $1,600,000
  • Prefunding balance as of 1/1/2013: $40,000
  • Assets have never been used to purchase annuities
  • Increase in funding target due to 2013 plan amendment: $80,000
  • The employer elects to make a 436 contribution for 2013 on 7/1/2013 in the smallest amount needed to allow the plan amendment to take effect in 2013
  • Plan effective rate for 2013: 5%

• 436 contribution – Example 1 (continued)
  • AFTAP = (1,600,000 – 40,000)/2,000,000 = 78%
  • The AFTAP is less than 80%, so the 436 contribution that allows the plan amendment to take effect must be equal to the increase in the funding target due to the plan amendment ($80,000)
  • This must be interest adjusted at the 2013 plan effective rate of 5% to the contribution date of 7/1/2013
  • $80,000 × 1.05^{6/12} = $81,976
Methods to Avoid Benefit Limitations

• 436 contribution – Example 2
  • Funding target as of 1/1/2013: $2,000,000
  • Actuarial value of assets as of 1/1/2013: $1,650,000
  • There are no funding balances
  • Assets have never been used to purchase annuities
  • Increase in funding target due to 2013 plan amendment: $80,000
  • The employer elects to make a 436 contribution for 2013 on 1/1/2013 in the smallest amount needed to allow the plan amendment to take effect in 2013
  • Plan effective rate for 2013: 5%

• 436 contribution – Example 2 (continued)
  • AFTAP = 1,650,000/2,000,000 = 82.5%
  • “Adjusted” AFTAP = 1,650,000/(2,000,000 + 80,000) = 79.33%
  • The AFTAP is at least 80%, but the “adjusted” AFTAP is less than 80%. The 436 contribution that allows the plan amendment to take effect must be an amount that would bring the “adjusted” AFTAP up to 80%
  • “Adjusted” AFTAP = (1,650,000 + X)/2,080,000 = 80%
  • Solving, X = $14,000
  • There is no interest adjustment because the 436 contribution is made on 1/1/2013
Any Questions?

Please email David Farber at:

dbfactuary@gmail.com

Thank you for attending this session.
Best Practices for the TPA Firm

Monday, April 29, 2013

Laura S. Moskwa, CPC, QPA, Principal, Laura S. Moskwa Consulting

Roundtable

- Discussion facilitation
- Topics presented
- Peer interaction
- Sharing best practices
- Documentation for implementation
Best Practice Roundtable Topics

- Firm Management
- Sales and Marketing
- Technology
- Human Capital

Firm Management

- Business Plan and Planning
  - Risk/Opportunity Analysis
  - Industry/Competitive Analysis
  - Operations/Management Structure Plans
  - Innovation
  - Financial Forecast
  - Business Growth
- Reporting Structure
  - Organization Chart
  - Mission Statement
- Quality Control
  - Documentation of all Processes and Procedures
Discussion: TPA Sharing

• Do you have a documented business plan?
• What topics do you cover?
• When, how and who is involved in the review and update of your plan?
• What innovative ideas do you incorporate?
• How many years out do you forecast financially?
• What milestones do you consider in your financial forecast?
• Do you address business growth goals and if so what are they?

Discussion: TPA Sharing

• Do you have a mission statement? How did you come up with the statement, who was involved?
• What have you done to ensure staff buy-in and execution of companies mission?
• Does your org chart accurately illustrate clear reporting lines?
• If you have had issues with reporting structure did you make changes and what were they?
• What has worked and what has not with regard to reporting structure models?
• How have you handled bottlenecks that have occurred in the past?
Discussion: TPA Sharing

- What quality control measures do you take within your firm?
- How do you incorporate peer as well as management reviews?
- What practices does your firm have in place with regard to review of processes and procedures, their documentation, sharing and updating?
- How do you ensure that employees are following the most recent process/procedure?
- How do you track workflow and quality control steps?
- What has been the most effective methodology?

Sales & Marketing

- Branding
- Documented Plan
- Establish Goals
- Identify required Activity
- Consistency
- Sales Process
- Proposal policy
- Tracking
Discussion: TPA Sharing

- Does your firm have a documented business development plan? If so what does it include?
- Do you set “sales” goals each year? If so how do you determine what activity will be required to attain your goal?
- Do you have staff dedicated to business development in your firm? How do you track their activity?
- Do you calculate your firm’s close ratio? If so how do you do that and do you do so taking into consideration whether someone from you firm was involved or not?
- Do you generate proposals for which no one from your firm is involved in the sales process? (discovery to close) Question is how come? Are these successful or typically a waste of time?

Technology

- In-house vs. outsourcing
- Paperless
- Workflow processing automation
- Archiving
- Remote access
- Disaster Recovery (DR)
  - Documentation
  - Do your employees have access to the Plan
  - Roles/responsibilities clearly outlined and understood
Discussion: TPA Sharing

• How much of your technology needs are satisfied by outsourcing vs. maintaining in-house?
• What did you consider in making your decision as to which solution you ultimately ended up with?
• Are you paperless? If so to what extent? And how has that made your firm more efficient?
• Do you use technology to manage workflow? If so what systems do you use? What has your experience been with efficiencies and quality control?
• Do you have remote employees? How are they connected? What challenges have you experienced? What benefits?
• How does that figure into your data security plan?
• What steps do you take to ensure that data is secure?

Do you have a documented Disaster Recovery Plan (DRP)?
• What are the steps included in your plan?
• How do you involve all of your employees in the DRP?
• How often do you test your DRP?
• What does the test entail?
• Have you developed the plan yourself or did you use outside experts to help?
• If you used an outside expert who did you use, what services did they provide and are their services ongoing?
Retention of Key Personnel

- Aren’t all employees key?
- Be actively committed to retention
- Recruiting the right person for the job
- Empowerment
- Fun Factor
- Benefits that are competitive
- Job Descriptions
- Performance Reviews

Discussion: TPA Sharing

- Do you have a recruiting policy, process and procedure? If so what is included?
- When do you use recruiters?
- How do you perform background checks and what types do you perform?
- Have you used personality tests to determine if someone is a right fit? If so which one and how successful has that been?
- How do you determine if your compensation and benefits package is competitive?
- Do you have job description for all positions? What is included and are they made available to staff?
Discussion: TPA Sharing

• What types of benefits, perks, “fun factor” employee appreciation programs does your firm offer? How have these programs affected moral, attracting and retaining employees?

• How do you empower your employees so that they feel they are part of the solution and success of our company?

• Do you document your job performance process, schedule and what is expected of all parties?

• Do you maintain that schedule? And if not how do you communicate not meeting the schedule, the why and when employees can expect it to occur?

Best Practices for the TPA Firm

• Identify Opportunities for Improvement

• Prioritize

• Bite size chunks

• Delegate or Hire a Consultant

• Set goals for completion

• Strive for overall best practices within your business!
Laura S. Moskwa, CPC, QPA
Laura S. Moskwa Consulting
laura@moskwaconsulting.com
530-823-9007
Barbara Lewis, MBA

• Over 2 decades in marketing professionals in the retirement services industry
• Started career as journalist - WSJ
• Certified Social Media Strategist
• MBA from UCLA Anderson & Lecturer
  • Survey Development
• Well-known clients including:
  • National ERISA Attorneys
  • Former President of ASPPA
  • TPAs, CPAs & FAs
• Book Author – Get a Black Belt in Marketing: The Marketing Success Book for Retirement Industry Professionals
Possible Discussion Topics

• What are the most common social media services that are used by businesses today?
• How can you best target the social media services that are commonly used by your company’s client base?
• How do you develop social media pages that are tailored to your company’s business objectives?
• What are some strategies for maximizing “hits” on your company’s social media pages?
• How do you find referral sources and other contacts in the social media universe?
• How can you develop a social media page that grabs the attention of potential clients?

The Survey Says

Facebook – 64% on; No clients generated
Twitter – 38% on; No clients generated
Google+ – 27% on: No clients generated
LinkedIn – 75% on: 15% generated clients

And the Winner Is…..
New LinkedIn Profile

Barbara Lewis

Market & Communicate to Grow Your Business
Marketing & PR | Certified Social Media Strategist
Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Professional “Headline”

Barbara Lewis

Market & Communicate to Grow Your Business
Marketing & PR | Certified Social Media Strategist
Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Use a color, professional square, head & shoulder shot; Use your casual name

Value proposition, trust, credibility – 120 characters
Summary – 1st Person

BACKGROUND

SUMMARY

Growing your business starts with developing a plan: both a strategic plan and a marketing plan. I help companies determine their strategy and develop a path to their vision. In the many marketing plans, which I have written, I work with companies on creating innovative strategies, communicating the value proposition and executing the action items, prioritized for the fastest growth.

I have extensive experience in conducting surveys and focus groups, implementing databases, tracking media, conducting webinars, and researching markets and competitors.

I always liked math and, not surprisingly, my work is part left brain (analytical) and part right brain (creative). My goal is to constantly measure marketing success.

Early in my career I worked as a journalist where I wrote for many national newspapers and magazines. Today, I write articles, speeches, press releases, newsletters, case studies, collateral material, website content and social media for my clients on a wide range of topics.

Ten years of debating taught me how to write succinctly and persuasively so the judge would give me the team the win. Initially, I was dragged onto the debate team in junior high school at Tomojo Air Base in Madrid, Spain. But I liked it so much that I kept debating through high school and college in Vermont.

I parlayed my love for writing into a book, Get a Black Belt in Business, based on over 30 virtues that I learned studying martial arts for many years and how I applied those virtues to the business world. Recently, I wrote a book Get a Black Belt in Marketing: The Marketing Success Book for Retirement Industry Professionals.

Recommendations

Don’t ask. Only if someone thanks you. May be prohibited.

Lecturer - Business Communication
UCLA Anderson School of Management
March 2003 – April 2003 (1 year 2 months)

Because of my experience in marketing, I taught Business Communication to junior and senior undergraduates in the accounting minor program. The Business Communication course offered students the opportunity to improve written and verbal communications in a professional setting. The class focused on general communication techniques and theories, coupled with practical application in the business world. The course emphasized verbal communication, including oral presentations, primary research, persuasive speech and writing and listening techniques.

3 recommendations, including:

David Gabor
Counsel with The Wagner Law Group.
I have worked with Barbara Lewis since joining The Wagner Law Group in August 2011. I practiced for more than twenty... View

Susan Pritchard
Trust Reconciliation at Accountemps
Barbara was the presenter for “Linked In Best Practices – Black Belt Marketing Series” I enjoyed her presentation style... View

2 recommendations

Zachary Polin
MBA Candidate at Carnegie Mellon Uni...
Barbara provided me with a business skill set that has been most valuable to date. As a student of her Business... View

Kimia Qahabon
President at UCLA Business Law Assoc...
Barbara taught my Business Communications course, through the UCLA Anderson School of Management, several years ago... View
Connections

Barbara Lewis
Market & Communicate to Grow Your Business
Marketing & PR | Certified Social Media Strategist | Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Current: Centurion Consulting Group
Previous: UCLA Anderson School of Management, Marketing Consulting Firm
Education: University of California, Los Angeles - The Anderson School of Management

Improve your profile Edit

500+ connections

www.linkedin.com/in/barbaraalewis/

Theories on growing:
1. As many as possible
2. Only valuable connections

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Websites

of Management

Improve your profile Edit

500+ connections

Email: barbara.lewis@centurionconsulting.com
Phone: (818) 784-9888 (work)
Address: 2334 Beverly Glen Circle, Suite 240
Los Angeles, CA 90077

Twitter: @BarbarsHome

Websites:
- Grow with a Marketing Plan
- Use PR to Engage Your Clients
- Get Great Info with Surveys

www.linkedin.com/in/barbaraalewis/

Select “Other” and name your website as value proposition

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LinkedIn URL

of Management

Email: barbara.lewis@centurionconsulting.com
Phone: (818) 784-9888 (work)
Address: 2334 Beverly Glen Circle, Suite 240
Los Angeles, CA 90077

Twitter: blackbeltomc
Website: Grow with a Marketing Plan
        Use PR to Engage Your Clients
        Get Great Info with Surveys

www.linkedin.com/in/barbara.lewis/

LinkedIn Settings

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LinkedIn Settings

LinkedIn Best Practices – Visibility

Make your Profile Visible to Everyone

Barbara Lewis
Market & Communicate to Grow Your Business | Marketing & PR | Certified Social Media Strategist | Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Current: CEO at Centurion Consulting Group (Solo Proprietorship)
Past: Lecturer - Business Communication at UCLA Anderson School of Management
Founder at Marketing Consulting Firm
Education: University of California, Los Angeles - The Anderson School of Management
University of Vermont
Recommendations: 5 people have recommended Barbara
Connections: 500+ connections
Websites: Grow with a Marketing Plan
Use PR to Engage Your Clients
Get Great Info with Surveys

Customize Your Public Profile
Control how you appear when people search for you on Google, Yahoo, Bing, etc.

Profile Content:
- Make my public profile visible to no one
- Make my public profile visible to everyone

- Basic
  - Name, industry, location, number of recommendations
  - Picture
  - Headline
  - Summary
  - Specialties
  - Current Positions
  - Past Positions
  - Show details
  - Projects
  - Honors and Awards
  - Publications
  - Languages
  - Education
  - Show details
  - Additional Information
  - Websites
Connections

Barbara Lewis
Market & Communicate to Grow Your Business | Marketing & PR | Certified Social Media Strategist | Outsource CMO | Writer
Greater Los Angeles Area | Marketing and Advertising

Current | Centurion Consulting Group
Previous | UCLA Anderson School of Management, Marketing Consulting Firm
Education | University of California, Los Angeles, Management

Send a message

www.linkedin.com/in/barbaralewis

1st = directly connected; 2nd = both connected to someone else

LinkedIn Best Practices – Keywords

Use keywords

EXPERIENCE

CEO
Centurion Consulting Group
September 1995 – Present (17 years 6 months)

At Centurion Consulting Group our mission is to help businesses market and communicate so they are able to grow and reach their full potential. I assist clients in areas such as planning, marketing, communication and public relations...

As your outsourced Chief Marketing Officer, I will write marketing, business and strategic plans to help your company define its vision and achieve its goals. As a Certified Social Media Strategist, I will help you to capitalize on the digital age. I specialize in business social media and can help you generate clients through a variety of venues.

Leveraging all of your marketing activities helps your business to grow. By using a variety of means to communicate, including speeches, webinars, business social media, articles, etc., your company can grow exponentially.
Optimization

Optimize for your zip code & surrounding zip codes

<table>
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<tr>
<th>Keyword</th>
<th>My Rankings</th>
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<tr>
<td>marketing</td>
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<tr>
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<td>business social media</td>
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</tr>
</tbody>
</table>

Obtain Your Rankings

Type in Your Zip Code

Click Search

Click Advanced

Type in Your Keyword

Premium Search
Find the right people in half the time
I come up first.

2013 LinkedIn Initiatives

**New Clients**
- Optimize your LinkedIn page
- Grow LinkedIn connections
  - Invite current and potential referral sources, in database
  - Research referral sources in zip codes
- Join LinkedIn groups
- Participate in LinkedIn groups

**Current Clients**
- Connect with all your clients, so you can track what's happening with them
- Follow your clients' companies
LinkedIn Best Practices – Invitation

Request connection with personal email

Connection Request

Request connection with personal email
Search for CPAs

1. Type in CPA
2. Set Industry to Accounting
3. Type in Your Zip Code
4. Click Search
5. Click Advanced

View Your Results

- Austin Brazee
  - Partner at Breeze & Kirby CPAs
  - Pittsfield, Massachusetts Area | Accounting
  - In Common: 2 shared connections

- Manager/CPA at Piecak & Company PC
  - Springfield, Massachusetts Area | Accounting
  - Experienced Tax Preparer, Tax Return Reviewer, Researcher of Tax Issues & Teacher of Tax Compliance. I keep the IRS away.
  - Springfield, Massachusetts Area | Accounting
What Other Social Media are You Using?

Barbara Lewis, MBA
Centurion Consulting Group

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www.CenturionConsulting.com
Blog: www.CenturionCMO.com
Twitter: @BlackBeltCMO
LinkedIn: barbaralewis
Employee Development and Performance: Building a Learning TPA Organization
Monday, April 29, 2013
Charan Singh, APA, Associate Vice President and Operations Manager, United Retirement Plan Consultants

Stages of Learning – Evaluating Skill Levels

- “Learning is not attained by chance; it must be sought for with ardor and attended to with diligence.” – Abigail Adams
Learning Goals – Basic Training

- Entry Level: Learning goals for the first two years
  - **Remember** – Checklist of steps
  - **Understand** – Develop an understanding of the overall process
  - **Apply** – knowledge to a wider variety and larger number of plans
  - Start taking NIPA exams

- Mid-Level: Learning goals for the third – fifth years
  - Internalize entry level goals (Remember, Understand, Apply)
  - **Analyze** – Why certain problems happened and how to avoid them
  - (Begin to) **Evaluate** – the work of other administrators (“1st reviewer”)
  - Complete APA program, or make significant progress towards
  - **Minimal error levels**

Learning Goals – Advanced Training

- Senior Administrator: Learning goals beyond the first five years
  - Internalize learning goals for entry and mid-levels:
    - **Remember, Understand, Apply, Analyze**, plus:
    - **Evaluate** (Review) work of other administrators
    - Begin to **Create/Design** plans and complex testing scenarios
    - **Mentor** entry and mid-level administrator
  - **5+ Years of Experience**
  - **Hold APA/QPA** or other designations
  - **Work on complex/combo/audited plans for 2+ years**
  - **Minimal error levels**
  - **Significant mentorship credibility**
Learning Goals – Advanced Training

• Über-Administrator – Consultant, Client Relationship Manager
  • Learning Goals of entry- to senior-levels (Remember, Understand, Apply, Analyze, Evaluate, Create, Mentor), plus,
  • ADVISE & RECOMMEND – discern between available options and recommend ones that make sense for the plan sponsor’s situation
  • DESIGN plans or plan features to meet plan sponsors’ needs
  • RESEARCH and CLARIFY the firm’s position on topics that impact the industry
  • REPRESENT the firm at industry and vendor events (e.g. NIPA/ASPPA speaker)

Questions for Roundtable Discussion

• How long do you typically allow for training a new hire?
• Do you require industry designations for career advancement?
• How do you evaluate the skill levels of your staff?
• If you have in-house training, what is your training program?
• How do you identify on-going training needs and do you allot time for it?
• Do you budget for training costs each year?
• Do you allow employees to study on company time?
• What do you feel has been the most effective training process?
• Evaluation of Administrators’ Levels – a simplified worksheet approach

• Adult Learning Theory:

• How other related industries hire/train:
  • Is Law School Right for Me? – Brigham Young University Pre-Law Evaluation
  • Personality: What It Takes To Be An Accountant – Bealing, Baker, Russo, Bloomsburg University; The Accounting Educator’s Journal
  • Is an Accounting Degree Right for Me? – Franklin University Blog
The State of My Service Agreement
Monday, April 29, 2013

Darren P. Holsey, ERPA, APA, QPA, QKA
Senior Plan Consultant, Premier Retirement Services, Inc.

What information do I have to include?

• List services
• List cost of services
• Use generic language or client specific?
• Attorney or investment provider templates?
Should I have an attorney provide/review my service agreement?

• Advantages?
• Costs?
• Do I run any risks by not going this route?

Is there additional information I should include beyond what is required?

• Responsibilities of the employer
• Turnaround timeframes
• Repercussions of not meeting employer or provider responsibilities
• Service warranty?
• Opportunity to show TPA fees are actually “too low”
  • What TPA does
  • How much follow-up is needed
  • It’s more than a “key-stroke” to provide services
    • Contribution studies
    • Testing
    • Accountant and attorney like services
  • Continuing education required
Should I have a separate fee schedule or include fees within my service agreement?

- Customized agreement or generic template?
- Do you have language about fee increases?
- How are you handling your fee changes?
  - New agreement or addendums?
  - How is this going to impact all of your 404a-5 notices?
- How are you incorporating investment provider changes?
  - Revenue sharing
  - Advisor compensation
- Quoting for new business

Is it better to provide an annual engagement or have a single engagement with updates as needed?

- Annual engagement provides proof of disclosure
- One-time engagement is easier?
  - Still have periodic updates
  - What if providers are changed which change your fees?
  - How are you proving disclosure if necessary?
How should I disclose revenue sharing?

- Generic language in my agreement
- Investment provider specific
  - Use their disclosure or create your own?
- Formulas or specific amounts?
- Rebate or not?
- Quoting for new business

Anything else you can think of?

- Time tracking and its necessity
- Am I missing things to bill?
- Services outside of the normal TPA realm
  - Coordinating 408(b)(2) and 404(a)(5) information
  - Notice mailings
The State of My Service Agreement

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