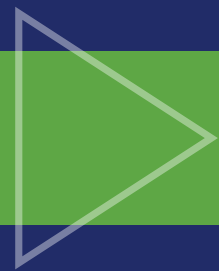




Finding the Right Retirement Plan Solution for Your Clients



2025 Regional Partner Conference





Agenda:

- Introductions
- **What Does the “Right” Retirement Plan Look Like?**
- Non-Qualified Deferred Compensation
- **State of the TPA Marketplace**
- The Value of a Third-Party Administrator – Common Objections
- **The P.R.I.C.E. Model**
- Q&A

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What Does the “Right” Retirement Plan Look Like?

401(k)/403(b) Plan:

Pros:

- Higher Contribution Limits
- Flexible Plan Design
- Valued by Employees

Cons:

- Non-Discrimination Testing
- Administration/Cost
- May not Achieve Retirement Objectives for Owners/Executive

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What Does the “Right” Retirement Plan Look Like?

Employee Stock Ownership Plan (ESOP):

Pros:

- Employee Engagement and Retention
- Liquidity for Business Owners
- Ability for Employees to Build Wealth through Company Ownership

Cons:

- Cash Flow Requirements
- Complex Compliance
- Potential for greater account volatility





What Does the “Right” Retirement Plan Look Like?

Cash Balance Plan:

Pros:

- High Contribution Limits
- Employer Funded
- Ability to Customize Plan Design

Cons:

- Cash Flow Requirements
- Complex Administration and Compliance/Cost
- Employer Investment Risk





What Does the “Right” Retirement Plan Look Like?

Other Plans:

- SIMPLE IRA Plan
- SEP IRA Plan
- Profit Sharing Plans



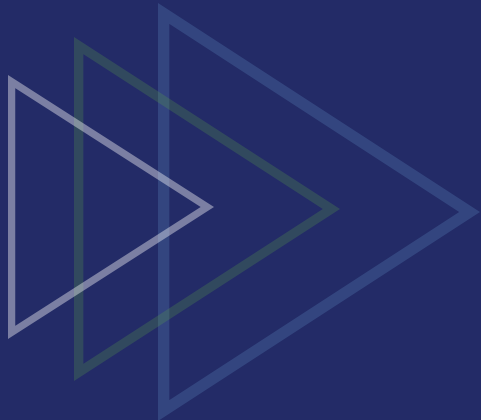


Considerations in Choosing the “Right” Retirement Plan

- Define Your Objectives
- Understand Plan Options
- Budgeting Employer Contributions
- Cost and Administration
- Employee Recruitment and Retention
- Choosing the “Right” Consultants

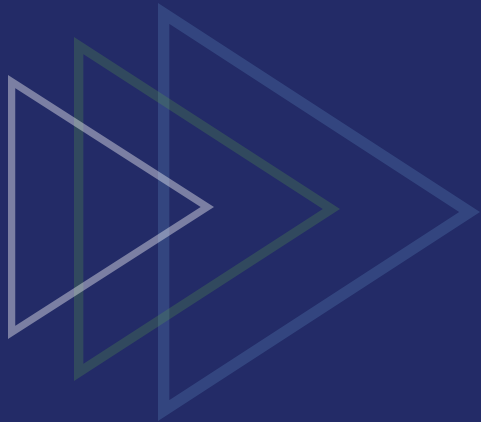


Overview of Nonqualified Deferred Compensation (NQDC) Plans



- NQDC Plans allow executives to defer income to a future date
- Executive pays no current tax and is unsecured creditor for amount deferred
- Account balance grows tax-deferred; company carries balance as liability
- “Notional” account balances typically administered by an outside firm
- Company determines crediting rate for “notional” account balances
 - Fixed rate
 - Market-based fixed income index
 - Menu of investment options
- Company realizes positive cash flow, but loses current tax deduction
- IRS provides no direct vehicle for tax effective funding as with Qualified Plans
- Plans must be designed and administered to comply with IRC 409A
- NQDC assets set aside are subject to general creditor claims under insolvency or generate immediate tax liability for executive when distributed

Why Companies Implement NQDC Plans



- ✓ Attract and retain key talent
- ✓ Be competitive with market offerings
- ✓ Restore deferral opportunities and/or company contributions limited under the qualified retirement plan
- ✓ Provide additional retirement savings vehicles for highly compensated employees
- ✓ Provide additional opportunities for highly compensated employees to manage their current and future taxable income

Qualified vs. NQDC Plans



	Qualified Plan	NQ Plan
Pre-tax deferrals/contributions	✓	✓
Earnings grow tax-deferred	✓	✓
Benefits taxed when received	✓	✓
Eligibility	All Employees	“Top Hat Group”
Subject to IRC limits on contributions, benefits, pay	✓	
Employer realizes tax deduction at time of deferral	✓	
Employer realizes tax deduction when benefits paid		✓
Can be rolled over to an IRA	✓	
Participants are unsecured creditors		✓

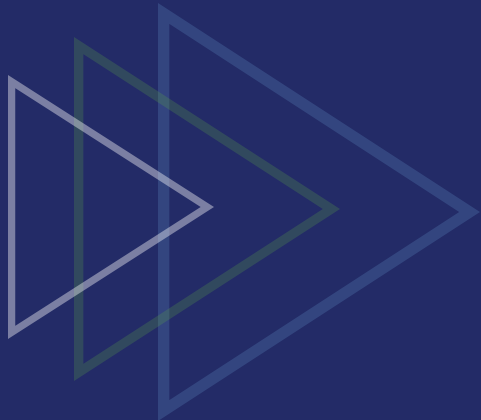


TINSTAAFL

Really! For example, your time.

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Why Advisor Due Diligence Matters for 401(k) and 403(b) Plan Sponsors



- ▷ Many different business models, cookie cutter plan versus highly specialized
- ▷ What are they - the providers selling?
- ▷ **Proprietary options – in the plan sponsor's best interest?**
- ▷ Fixed Accounts that you cannot figure out how the sausage is made.
 - **Difficult to compare versus alternative options**
- ▷ ***YOU*** shouldn't be a commodity.
- ▷ ***WE*** aren't either
- ▷ To force a correct comparison of fees:
 - Ask your recordkeeper to price the plan out using ALL R6 / pure institutional funds (non-proprietary) and then you will know the real recordkeeping cost.**

A Dual Quest for Participant Assets

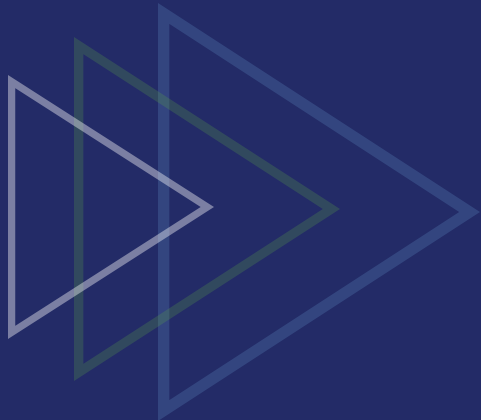
(I saw this in another seminar):

▷ Price only matters in the *absence* of Value

- P - Plan Design
- R - Recordkeeper
- I - Investments
- C - Compliance
- E - Expertise



Interesting plan design examples



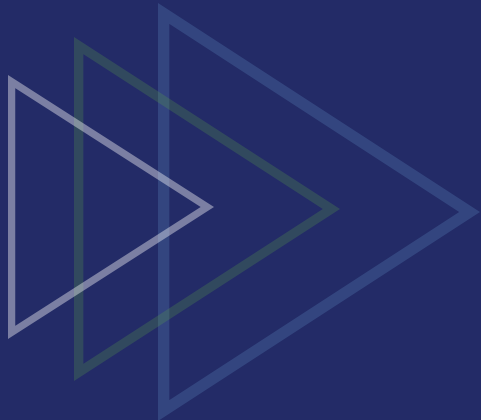
- ▷ Example A. Two scientists / business owners (age 51 and 48), 6 rank and file. Were doing 10% contribution to SEP
 - New structure: 401(k) plus Cash Balance plan, \$250k to each, 10% to rank and file
- ▷ Example B. 330 person accounting firm, 17 principals
- ▷ Example C. Advertising agency, four plans
- ▷ Example D. Visiting child psychology practice, 500 employees
- ▷ Example E. Dental practice (wife earning \$80k / year for maximum PS contribution)
- ▷ Example of “carving out” certain employees to deliver best result

Our celebrity practice at BPAS



- ▶ **Normally: Celebrities, entertainers, musicians – normally individuals who are not part of a “team”**
- ▶ **The question of endorsement income (NIL)**
- ▶ **Working with accounting firms, they come to us for special treatment of this unique niche of clients**
- ▶ **Approximately 80 clients in total – can be any combination of plans (most subject to NDA)**
- ▶ **Sometimes it’s not the celebrity themselves but a family member / friend / loved one**
- ▶ **Comfort in working with a firm with a dedication practice in this realm**

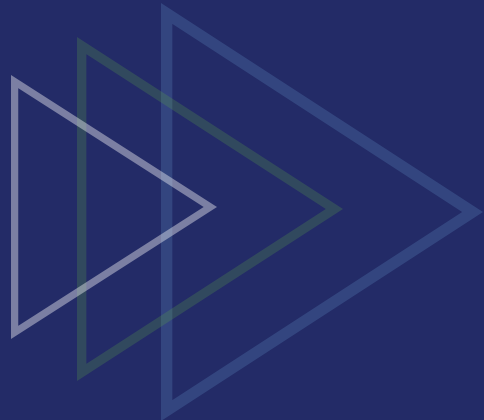
Unique challenges of medical and other professional practices



- ▶ Example of buy / sell in a medical practice
- ▶ Sometimes you have VERY different objectives among partners (e.g. younger versus older doctors, divorced versus married, etc)
- ▶ When doctors sell practices to healthcare systems but still own the building in the LLC (ongoing rental income for the doctor)
- ▶ 199A – small business flow through income (80%)
- ▶ It begins with the questions:
 - What are your goals?
 - What are you trying to accomplish?
 - What is the time horizon of key players?
 - What is the forward looking cash flow situation?

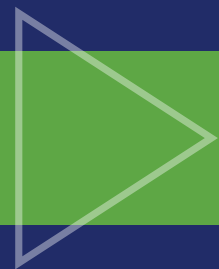
Final thoughts

- ▶ TPAs (like CPD) have spent years solving problems
- ▶ Our goal is to help you bob and weave, within a framework that withstands DOL / IRS scrutiny
- ▶ Call us to discuss unique situations or cases where owners seek to maximize contributions
- ▶ CEFEX designation is a big deal for us, something we celebrate
- ▶ We're honored to be here at your disposal





Q & A



Thank you!






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Let's talk.



Thank You for Joining Us!

Let us know how we did.

