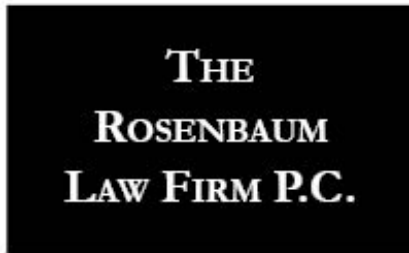


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THE LAW FIRM REVIEW
A Publication for Plan Sponsors and Retirement Plan
Professionals

Plan Provider Gimmicks You Need To be Aware Of



The retirement plan business is heavily competitive and so much of that deals with marketing. As a retirement plan sponsor, you need to separate the fluff from the real stuff. You also need to understand what is a sales gimmick and what is something of substance. When it comes to the retirement plan business, I am the turd in the punch bowl because I have a problem of telling it like it is.

I'm about to let you in on what is just marketing and sales gimmicks.

To read the article, please click [here](#).

What 401(k) Plan Sponsors Need To Know About The Investment Policy Statement

When you go to kitchenware, you see so many different types of kitchen tools that you didn't know ever existed. They sell pasta forks and cherry pitters and items you don't really need, but you have to have. When you're a 401(k) plan sponsor, you hear a lot about an

investment policy statement (IPS) and how you need one. Yet most sponsors like you don't know what it is and what it does. This article breaks down what an IPS is, what it does, and what it doesn't do.

To read the article, please click [here](#).



The Biggest Mistake You Can Make Is Hiring Your Payroll Provider As Your 401(k) TPA.



In the 23 years, I've been in the 401(k) plan business, I have to say probably one of the biggest mistakes that you can make as a plan sponsor is hiring one of the two largest payroll providers out there to serve as your third party administrator (TPA). This advice is costly, as a good chunk of my practice is devoted to fixing the errors made by these payroll provider TPAs.

To read the article, click [here](#).

When The IRS Talks, It's Time To Listen

When the Internal Revenue Service develops a laundry list of the things that they will focus on, when it comes to retirement plans, we need to listen.

The IRS Tax Exempt and Government Entities Compliance Governance Board has approved the following to be prioritized and resourced, primarily through plan audits.



When E.F. Hutton Talks, People Listen.

- Review worker classifications to ensure that employees are not misclassified and retirement plans satisfy coverage requirements. Misclassification as employees as a non-employee or leased employee has always been an issue.
- Review small tax-exempt organizations that sponsor retirement plans with a focus on plan investments and whether there are any prohibited transactions between the plan and its participants.
- Review one-participant plans to determine if there are operational or qualification failures, income and excise tax adjustments, or plan document violations, especially Solo 401(k) plans.
- Review required minimum distributions in large defined benefit plans to ensure compliance with Internal Revenue Code Section (IRC Sec.) 401(a)(9). I have seen way too many plans failing to satisfy the required minimum distribution for their owners, who work past age 70 ½ or 72.
- Determine if earned income and plan allocations are correct for self-employed individuals, particularly those that file Schedule C, Profit or Loss from Business (Sole Proprietorship). Again, another huge issue for Solo 401(k) plans and other small proprietor plans.
- Review participant loans to ensure compliance with rules under IRC Sec. 72(p). Too many loans out there that participants might have defaulted or loan provisions that violate the Code section.

The problem with Solo 401(k) Plan



Solo 401(k) plans are a great benefit for sole proprietors. I know, I have one. The problem is they are on the Internal Revenue Service's (IRS') radar.

The IRS's Tax Exempt and Government Entities division has identified one-participant 401(k) plans as among its current audit initiatives. Why? They're usually run with very little administration and assistance to these solo 401(k) plan sponsors. Solo 401(k) plans are subject to the same rules and requirements as any other 401(k) plan, but they

aren't run that way.

Some solo 401(k) plans have huge compliance issues, such as not covering employees for coverage (which means they should have non-Solo 401(k) plan in place). Some solo 401(k) plans don't file a Form 5500, even though they have to when \$250,000 or more are in the plan. There could be a violation of the plan sponsor exceeding the contribution and deduction limits, as well as controlled group/affiliated service group rules. So expect solo 401(k) plans that are not in compliance to be audited in the near future.

Come out and Network. Networking event and Mets Game, Wednesday July 28th

Come join us for a great night of networking and a Mets game too. While the networking event has 401(k) in it, it is open to professionals from all types of businesses.

The event is on Wednesday, July 28th while the Mets take on the Atlanta Braves. Seats in the Honda Club behind the right field fence and food too, for just \$150.



For more information and to buy tickets by PayPal, please click [here](#).

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