NICHOLAS PENSION CONSULTANTS
Plan Design & Administration

ABOUT US

NPC is a third party pension administration firm. We specialize in quality plan administration and do not provide investments or insurance services. Our local consultants are strategically placed to service our clients in the western states.

Owners: Ken Roberts, Adam Zuro, Leonard Roberts, Patrick Collar, Warwick (Nick) Nicholas & Andy Wass

NPC NEWS

Due to the many Advisors & Accountants who have entrusted us with their clients, we currently administer over 3,500 retirement plans, which represent over 50,000 participants. Our clients are serviced by our staff of over 70 employees with hundreds of years of combined experience. Click here to view our LinkedIn Page.

Before the end of 2019, we completed the implementation of DocuSign into our system in order to help ensure our clients sign their plan documents timely. Ironically, the IRS also issued Memorandum 2019-002 reiterating the importance of timely signed documents or risk plan disqualification.

Amidst COVID-19, Nicholas Pension Consultants has continued servicing our clients with virtually no interruption. We are also preparing for our upcoming webinar which replaces our 29th annual fall seminars. This webinar will not offer CE credits and will focus on Regulatory Updates. Please see the attached invitation to register for Tuesday, October 27th at 10AM.

Continuing Education Seminars

Please attend our live complimentary seminars throughout the year for a plan design overview and regulatory update (no CE credits for webinars).

APPROVED CONTINUING EDUCATION PROVIDER

SECURE ACT

For years Congress has been trying to pass legislation to increase retirement plan availability, participation and savings. The SECURE Act was signed into law on December 20, 2019, and will be one of the most significant laws for our industry since ERISA was enacted in 1974. Please click here to view our SECURE Act Overview. Changes include:

- Start-up plan adoption extended until tax filing due date including extensions
- $15,000 max tax credit spread over 3 years for starting a new retirement plan
- 3% Non-elective Safe Harbor provisions can now be added mid-year for existing plans until 12/1, and until the end of the next plan year if a 4% Non-elective Safe Harbor
- Increasing RMDs to age 72
- Required coverage for some part-time employees
- Allowance of open MEPs

Among these changes, extending the deadlines to establish new Profit Sharing or Defined Benefit plans will have widespread effect on financial planning by giving employers hindsight vision for their decision up until their tax filing deadline. See below chart for updated deadlines:

New Deadlines for 12/31 Year-End Plans

10/01/20 - start-up 401k Safe Harbor Plan for 2020
12/01/20 - add Safe Harbor 3% PS to existing 401k for 2020
12/01/20 - add Safe Harbor Match to existing 401k for 2021
12/31/20 - start-up 401k for 2020
*3/15/21 or 4/15/21 – start-up PS or DB for 2020

* 3/15 for LLP & S-Corp / 4/15 for Sole Prop & C-Corp (+ extensions)

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CARES ACT

To provide relief due to COVID-19, the CARES Act was signed into law March 27th, 2020. Highlights included waiving RMDs for 2020, creating a new coronavirus related distribution up to $100k and increasing loan amounts up to $100k. Please click here to view our CARES Act Overview & Coronavirus Reminders.

BIPARTISAN BUDGET ACT

This act eases restrictions on participant **hardships**. Full document compliance has been extended until 12/31/21 and required amendments should be expected before that date. Changes include:

- Increasing sources eligible for hardship distributions to include: 401(k) deferral earnings, Safe Harbor, QNEC and QMAC's
- Removing the 6 month hold on 401(k) deferrals following a hardship distribution and no longer requiring participants to first use plan loans
- Reducing the employer burden to verify hardships by allowing written statements from participants certifying their financial need

STATE-RUN RETIREMENT PLANS (CalSavers)

30 states have considered legislature to implement a state run retirement plan. California's mandated state-run IRA opened on 7/1/2019. The program is named CalSavers and its upcoming results will likely have widespread implications on future government initiatives.

CalSavers requires employers with 5 or more employees, who do not offer a qualified retirement plan, to register and offer the CalSavers plan. The 6/30/20 deadline was moved to 9/30/20 due to COVID-19. See the deadlines listed in the chart below.

# of Employees	Registration Deadline
Over 100	Sept 30, 2020
Over 50	June 30, 2021
5 or more	June 30, 2022

Administration of CalSavers plans may prove cumbersome for Employers. Employees age 18 or older must be included. Payroll withholdings are deposited as Roth IRA contributions up to the current $6,000 limit ($7,000 if age 50 or older). Auto-enrollment is required to begin at 5% of income, escalating 1% per year up to 8%. Employers must also re-enroll non-participating employees every two years, even if a negative election was previously made. The first $1,000 is invested into a Money Market Fund, after which various funds are available for selection or defaulted into a Target Date Fund. Among the various employer responsibilities under CalSavers, tracking auto-enrollment, auto-escalation and bi-annual re-enrollment may be the most precarious.

Employers maintaining qualified retirement plans are not required to participate in CalSavers. Qualified plans include 401(k) Profit Sharing, Defined Benefit/Cash Balance, 403(b), SEP and SIMPLE IRA plans. ***Fines up to $750 per employee may be imposed on employers not offering a plan.*** With over 285,000 employers without a plan in California, this will likely result in an unprecedented increase in start-up qualified retirement plans. Please click here to view our one page CalSavers Overview.

DB/DC COMBINATION PLANS (CASH BALANCE)

Combination plans can allow older owners to contribute over $200k for themselves, while requiring a 7-10% contribution for employees.

	Age	Compensation	DB/DC Combo
Owner 1	57	$225,000	$250,000
Employee	25	$50,000	$5,000

POST-PPA RESTATEMENTS BEGIN FOR DC PLANS

Every 6 years the IRS requires plans to be restated onto a new document. Plan sponsors have until 7/30/22 to comply by rewriting their 401(k) document. This is a tremendous opportunity for Advisors to market redesign services and to compete on fees. Clients will need to rewrite their plan anyway, so why not reach out to companies now to review their plan options. We can prepare proposals and our competitive fees will assisit Advisors to capture more of this business.

HOW TPAs ASSIST ADVISORS & CPAs

The NPC Consultants purpose is to build long-term, trusted relationships with Advisors & Accountants in order to compliment them in assisting their clients. Consultants are available as a resource to Advisors & Accountants as their long term expert support in retirement plan design and compliance. Consultants are available to discuss prospective plan opportunities and to conduct plan design feasibility studies. In addition, they are available for group presentations and one-on-one training meetings.

TOP INVESTMENT PROVIDERS

Numerous national investment companies have chosen to include Nicholas Pension Consultants on their preferred list of service providers. We can work with any investment company. Examples include: **American Funds, Ascensus, Charles Schwab, CUNA Mutual, Empower, Fidelity, John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, OneAmerica, Nationwide, Principal, TD Ameritrade, The Standard, Transamerica, T Rowe Price, Vanguard, and Voya.**

NEWSLETTER NOTICE: To be added or deleted from our email list, please send a request to seminars@nicholaspension.com.