RISEN SON FINANCIAL
Your Retirement Plan Partners

Retirement Times

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Your Investment Policy Statement is Important to Us

The template Investment Policy Statement (IPS) is crafted by a team of ERISA attorneys and investment professionals. Throughout the years, our organization receives myriad versions of the template IPS as edited by a vast number of clients' in-house counsel as well as ERISA counsel. The ERISA team takes the best of the ideas and incorporates them into a revised IPS template. In essence the template IPS is the product of hundreds of ERISA attorneys whose input is all taken into consideration.

In regard to the language of the template IPS, it is drafted to be neither too constrictive nor overly vague. An overly vague IPS leaves the reader with no understanding as to what process fiduciaries follow. In that scenario, the IPS does not help protect the fiduciary by creating evidence of a roadmap of a prudent process. Conversely, an overly constrictive IPS can cause an unwary fiduciary to accidentally run afoul of its terms. The template IPS is crafted to avoid using words like "must" throughout its provisions to avoid such a scenario.

If you have specific questions regarding verbiage, our ERISA team is happy to address them. Forward your inquiries to your financial professional, Kevin Donahue AIF®, CRPC® at kevin@risensonfinancial.com.

401(k) Plan Tax Credit Summary

Eligible employers may be able to claim a tax credit of up to $5,000, for three years, for the ordinary and necessary costs of starting a SEP, SIMPLE IRA or qualified plan (like a 401(k) plan.) A tax credit reduces the amount of taxes you may owe on a dollar-for-dollar basis.

If you qualify, you may claim the credit using Form 8881 PDF, Credit for Small Employer Pension Plan Startup Costs.

Eligible employers

You qualify to claim this credit if:

- You had 100 or fewer employees who received at least $5,000 in compensation from you for the preceding year;
- You had at least one plan participant who was a non-highly compensated employee (NHCE); and
- In the three tax years before the first year you're eligible for the credit, your employees weren't substantially the same employees who received contributions or accrued benefits in another plan sponsored by you, a member of a controlled group that includes you, or a predecessor of either.

Amount of the credit

The credit is 50% of your eligible startup costs, up to the greater of:
- $500; or
- The lesser of:
- $250 multiplied by the number of NHCEs who are eligible to participate in the plan, or
- $5,000

Eligible startup costs

You may claim the credit for ordinary and necessary costs to:

- Set up and administer the plan, and
- Educate your employees about the plan.

Eligible tax years

You can claim the credit for each of the first three years of the plan and may choose to start claiming the credit in the tax year before the tax year in which the plan becomes effective.

No deduction allowed

You can't both deduct the startup costs and claim the credit for the same expenses. You aren't required to claim the allowable credit.

Auto-enrollment Tax Credit

An eligible employer that adds an auto-enrollment feature to their plan can claim a tax credit of $500 per year for a three-year taxable period beginning with the first taxable year the employer includes the auto-enrollment feature.

Retirement Plan committee Activities

A retirement plan committee consists of co-fiduciaries who are responsible for all plan management activities that have been delegated to them by their plan's named fiduciary.

ERISA states that the committee must act exclusively in the best interests of plan participants, beneficiaries and alternate payees as they manage their plan's administrative and management functions. Many committees meet regularly in order to have sufficient opportunity to deal with the myriad of fiduciary functions.

All fiduciary level decisions must employ ERISA's procedural prudence which includes documented expertise on the topic being considered and periodic review to ensure the decision remains prudent. In terms of investment selection and monitoring, qualitative and quantitative considerations should be included in the decision making process. Quantitative issues involve performance metrics and price, while qualitative issues involve the management approach, process, personnel and more. Due to the importance to both participants and plan fiduciaries, the committee must ensure that the plan's qualified default investment alternative reflects the needs and risk tolerance of the participant demographic.

As there are many other important activities for committees, it makes sense to establish an annual calendar of topics to consider at upcoming meetings. Agenda items may include: plan goal setting & review, fiduciary investment review, fiduciary education/documentation, participant demographics/retirement readiness, fee reasonableness & structure, plan design analysis, TDF suitability, client advocacy, participant financial wellness, legal, regulatory & litigation activities, employee education, provider analysis, reporting and disclosure requirements. detailed minutes and documenting the processes for each of its decisions is also best practice for fiduciaries.

The Department of Labor [DOL] is now asking plan sponsors to provide documentation of a comprehensive and ongoing fiduciary training program for all plan fiduciaries.

Participant Corner

Download the memo from your Fiduciary Briefcase at fiduciarybriefcase.com.

Three Tax Tips that Can Help as You Approach or Begin Retirement

Retirement is a whole new phase of life. You'll experience many new things, and you'll leave others behind – but what you won't avoid is taxes. If you've followed the advice of retirement plan consultants, you're probably saving in tax-advantaged retirement accounts. These types of accounts defer taxes until withdrawal, and you'll probably withdraw funds in retirement.
Also, you may have to pay taxes on other types of income - Social Security, pension payments, or salary from a part-time job. With that in mind, it makes sense for you to develop a retirement income strategy.

Consider when to start taking Social Security. The longer you wait to begin your benefits (up to age 70), the greater your benefits will be. Remember, though, that currently up to 85 percent of your Social Security income is considered taxable if your income is over $34,000 each year.

Be cognizant of what tax bracket you fall into. You may be in a lower tax bracket in retirement, so you'll want to monitor your income levels (Social Security, pensions, annuity payments) and any withdrawals to make sure you don't take out so much that you get bumped into a higher bracket.

Think about your withdrawal sequence. Generally speaking, you should take withdrawals in the following order:

- Start with your required minimum distributions (RMDs) from retirement accounts. You're required to take these after all.
- Since you're paying taxes on taxable accounts, make this the second fund you withdraw from.
- Withdraw from tax-deferred retirement accounts like IRAs, 401(k)s, or 403(b)s third. You'll pay income tax on withdrawals, but do this before touching Roth accounts.
- Lastly, withdraw from tax-exempt retirement accounts like Roth IRAs or 401(k)s. Saving these accounts for last makes sense, as you can take withdrawals without tax penalties. These accounts can also be used for estate planning.

These factors are complex, and you may want to consult a tax professional to help you apply these tips to your own financial situation. You can test different strategies and see which ones can help you minimize the taxes you'll pay on your savings and benefits.

For more information on retirement tax tips, contact your financial professional, Kevin Donahue AIF®, CRPC® at kevin@risensonfinancial.com with any questions you may have.

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

To remove yourself from this list, or to add a colleague, please email us at kevin@risensonfinancial.com or call 813-512-2746

Helping Employers Manage Their Retirement Plans with Confidence

Our Mission

Risen Son Financial strives to help employers reduce the cost of their retirement plans and the liability of their responsibilities by naming ourselves as fiduciaries to the plan and participants. We believe this builds the foundation to help employees reach their ideal financial future, through one-on-one education, risk analysis, and financial planning.

Why Us?

Based in Land O' Lakes, Florida, Risen Son Financial serves as retirement plan partners and investment fiduciaries for large and small businesses across the nation. Fulfilling the duties of good faith and trust, clients choose us knowing we will go above and beyond. As an Independent Financial Advisor, Risen Son Financial represents clients to the marketplace without any bias or conflicts of interest. We're accountable to you and your best interests. Risen Son Financial serves as a named fiduciary for both the plan and participants. As your Plan Fiduciary, we evaluate plan design, mitigate risks, conduct reviews, and offer solutions helping to improve performance. As Participant Counselors, we also serve as fiduciaries providing customizable advice and resources for the participants.

Our Process

At Risen Son Financial, our first step is to review the current cost and value being received by the plan. We can do this by reviewing the 404(a)(5) (participant fees) and 408(b)(2) (plan fees) disclosures that plans are required to distribute and receive from vendors. If these are not readily available, we can also review fund lineups and statements.

We meticulously review the retirement plan, including these 4 costs:

1. **Recordkeepers** – Receive funds from the employer and employee paycheck. Their main responsibility is to keep record of the contributions a participant receives and investment gains. Additionally, recordkeepers do the buying and selling of investments that the participant chooses, while also providing a website and quarterly statements.
2. **Administrators** – Make sure the plan meets the requirements set forth in the IRS code. They handle, testing, compliance, vesting, eligibility, loans, and withdrawals. Many times, administrators are "bundled" with the recordkeeper.
3. **Investments** – Contributions are deposited into investments. They have their normal expense ratio; however, these often come loaded with internal fees like 12b-1, sub-TA, concession and wrap. This is called "indirect compensation" or "revenue sharing." Often, an investment company will pay the recordkeeper a fee to be included in the investment lineup.
4. **Advisors or Brokers** – There is a difference. As a named fiduciary to the plan and participants, Advisors give advice, recommendations, and/or have discretionary control of investments, along with being the quarterback of the plan. This includes benchmarking all fees paid to vendors and shopping plan costs to keep fees reasonable. Advisors are held to the best interest standard. In contrast, Brokers are held to the suitability standard. Brokers can't give advice nor can they name themselves as a fiduciary to the plan. Brokers sell a product as a representative of a larger entity.

Once all fees are known, we benchmark those fees and services being received to the open market. We then use this benchmarking to get the cost of the plan reduced. We accomplish this by either going to the current provider to have them reduce the cost or moving the plan to a platform that will, along with providing for the needs of the plan. Being completely independent we can work with all providers which allows us to provide conflict-free and bias-free advice.

About Kevin Donahue, CRPC®, AIF®

Kevin Donahue is the owner of Risen Son Financial. After serving four years in the United States Navy, he graduated from Florida State University in 2004 earning a bachelor's in Computer Science and a minor in Mathematics. Seeing firsthand, the impact of retirement saving and planning with his own parents, Kevin entered the financial services business to pursue his passion of helping clients meet and exceed their financial goals and visions. During his career, Kevin has passed and/or currently holds the series 6,7, 63 and 65 exams along with obtaining Chartered Retirement Planning Counselor (CRPC) designation from the College for Financial Planning. This designation encompasses pre-and post-retirement needs, wealth management, estate planning, and the entire retirement planning process. Additionally, he holds the Accredited Investment Fiduciary (AIF), which empowers investment professionals with the fiduciary knowledge and tools they need to serve each client's best interests.

Kevin resides in Land O' Lakes, with his wife Brittany and their twin boys Andrew and Noah.

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