



ACI Advisors Corner

Want to be an All-Star to your Clients? Learn How to Spot Neglected Plans

As an Industry Consultant I've noticed one glaring thing over and over that is an easy problem to solve if you pay attention to it. Here's my insight: Check out the effective dates on those retirement plans. Let me share with you why this so important and so overlooked. In fact, it's one of the first things I note when I review a 5500. As an advisor, I'm sure you share my chagrin about the sad reality of so many plans who are still with their original service provider; no annual assessments and a plan that is way out of effectiveness and possibly out of compliance. Often, the effective date is cold proof of the last critical plan design discussion.

So, why are Plan Design Reviews so important to the client?

Get ready! I'm about to make you a hero. This is your opportunity to save the day, to save the client some money, to solve some of their problems and return their plans to greatness. The design, implementation and annual administration of a retirement plan is an expense that a plan sponsor takes on in order to accomplish all different types of goals. They need help to maintain that plan and keep it current so that it continues to meet those goals.

Being neglected means to disregard or slight.

Being neglected does not just mean that three tax laws have passed and the document has not been updated, it means that the plan is cross tested and the tiers have an arcane description that could have been updated five years ago.

Your client's plan, which can be a springboard for helping accomplish many of their goals, is probably the dinosaur it was two years after it was implemented and no one had discussions about updating it.

- The owners are now older. The son or daughter may now be employed and are being groomed to take over the business.
- The owner may now be poised and ready for retirement.
- The demographics of the plan sponsor have probably changed. In a perfect world there has been an acquisition or two, in this challenging economic time there may have been layoffs.

Call us today at (310) 212-2600 and ask for Pat Byrnes, Tobi Cogswell or Jay Lubner. We have over 90 years of consulting experience between us. We will review the plan document and have discussions with you and the plan sponsor on an ongoing basis so that the plan continues to meet the strategic and cultural goals of the business.

We do this as a rule on our existing cases and it is one of the first things we do when we go with you on meetings to your prospects or clients. We will work with you as a partner to keep the plans current and meaningful. This is the cornerstone of the consulting we provide.