

ENHANCING YOUR CLIENTS' LIVES WITH ERISA



PRESENTED BY:

LEONARD C. WRIGHT

CPA/PFS, CGMA, AIF, CFP®, ChFC®, CLU®

WEALTH MANAGEMENT ADVISOR



RICHARD M. PERLIN

CPC J.D.

WEALTH MANAGEMENT ADVISOR



- How ERISA Plans Help Build Your Business
- The Big Picture: Before & After integrating ERISA into the client's financial plan
- Embracing Change
- A Smarter Retirement Solution (Add value to you and your client)
- What You Can Do

Our Purpose



To advise decision makers on a better future for themselves and their employees by structuring the company's retirement plan around their corporate culture.

If the taxpayer's taxable income is above the \$326.6k/\$163.3k thresholds, the deduction may be limited based on whether the business is an SSTB, the W-2 wages paid by the business & the unadjusted basis for certain property used by the business.

These limitations are phased in for joint filers with taxable income between \$326.6k and \$426.6k, and all other taxpayers with taxable income between \$163.3k and \$213.3k.

What's in it For Your Clients



Potential Elimination of State Income Taxes

for those who move from a high tax state to a low or no tax state



Permanent Elimination of Tax Potential

i.e. employee social security taxes, worker's compensation, and for those eligible for 199A, up to percent of the taxes.



Qualified Business Income

the net amount of qualified items of income, gain, deduction and loss from any qualified trade or business. Only items included in taxable income are counted. In addition, the items must be effectively connected with a U.S. trade or business. Items such as capital gains and losses, certain dividends and interest income are excluded.



Potential Tax Deductions

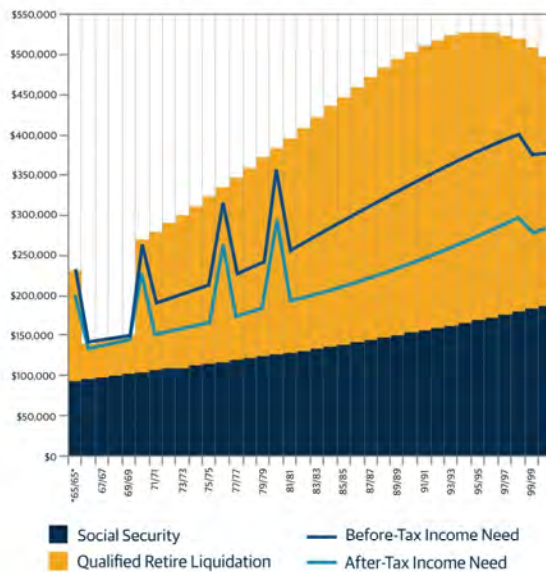
Section 199A - Eligible taxpayers may be entitled to a deduction of up to 20% of qualified business income (QBI) from a domestic business operated as a sole proprietorship or through a partnership.

This material is not intended as legal or tax advice. Financial Representatives do not give legal or tax advice. Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

Before & After integrating ERISA into the client's financial plan

BEFORE

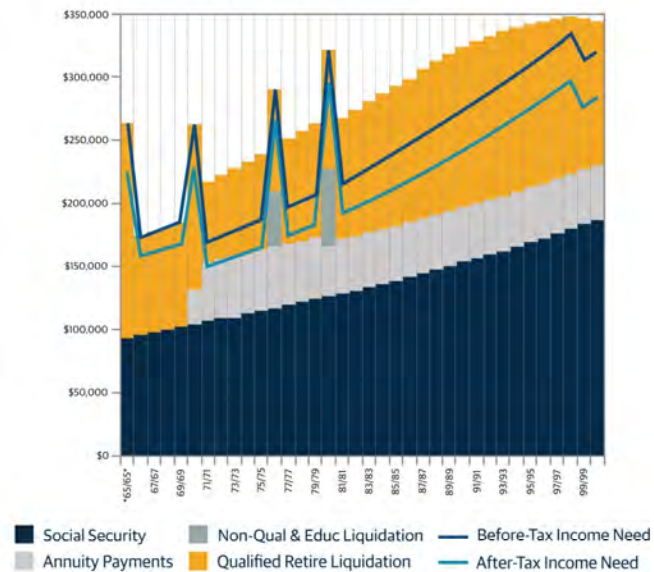
DETAILED CASH FLOW DURING RETIREMENT



Values above the before-tax need line represent a surplus. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

AFTER

DETAILED CASH FLOW DURING RETIREMENT



Values above the before-tax need line represent a surplus. Return rates used for the growth of investments are hypothetical assumptions you believe are reasonable for this plan and are not guarantees or projections.

Planning Opportunities



- \$52,000 per year Roth Contributions.



- Up to \$300,000 tax deductions per shareholder, and spouse if in the business.



- For those who have different businesses, may have additional tax savings options.

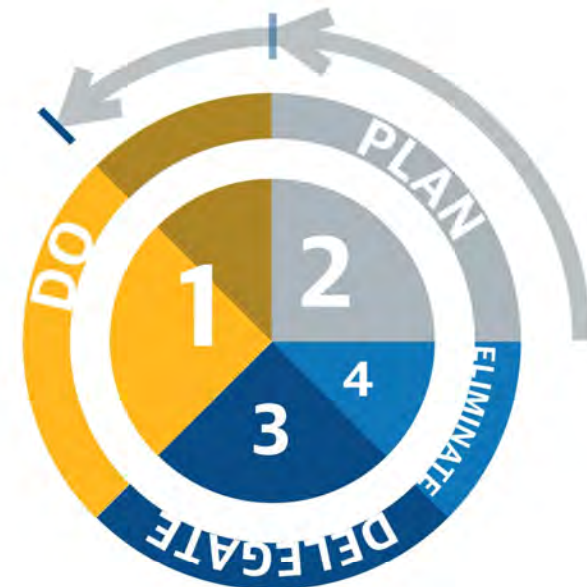
COVEY MATRIX

- 1 URGENT / IMPORTANT**
 Tax returns and payroll tax filings
 Audit reports
 Payroll Tax filings
- 2 NOT URGENT / IMPORTANT**
 Estate planning
 Financial Planning
 Retirement Plans
- 3 URGENT / NOT IMPORTANT**
 Knock at the door.
 Random phone calls
 Take the trash out
- 4 NOT URGENT / NOT IMPORTANT**
 Video games
 Personal Social Media
 Sports betting

BEFORE



AFTER





THEN

401(k) ERISA EVOLVES NEW AND IMPROVED THE BEST IS YET TO COME

NOW

1978 1981 1984 1998 2002 '02 AND BEYOND 2006 2014 2018

SECURE ACT
12/20/2019

REVENUE ACT OF 1978	1981 IRS	TRA OF 1984	1998 REV RULING 98-30	SOX 2002	ANNOUNCEMENT 2001-106	2006 PPA 2006-44	09 / 2014	CURRENT STATISTICS ²
HUGHES AIRCRAFT RECOMMENDED TO ADD SECTION 401(k) SAVINGS PROGRAM IN 1978	ISSUES PROPOSED 401(k) REGULATIONS	REQUIRES NON-DISCRIMINATION TESTING 17,303 PLANS WITH 7.54M PARTICIPANTS AND \$91.75B ASSETS	NEGATIVE ELECTIONS 300,593 PLANS 37.11M PARTICIPANTS \$1.54T	BLACKOUT PERIODS DISCLOSURE REQUIREMENTS	SAVERS CREDIT UP TO \$1,000 INTRODUCED FOR 2002 TAX YEAR & BEYOND	ROTH AMENDMENTS	NOTICE 2014-54 GUIDANCE ON AFTER TAX CONTRIBUTIONS	2018 580,000 PLANS 58M PARTICIPANTS 06/30/2020 6.3T ASSETS

More time
to plan
before
you file!

https://www.ici.org/faqs/faq/401k/faqs_401k



Embracing Change

A look at today's State IRA programs across the country

Key Elements of the State IRA

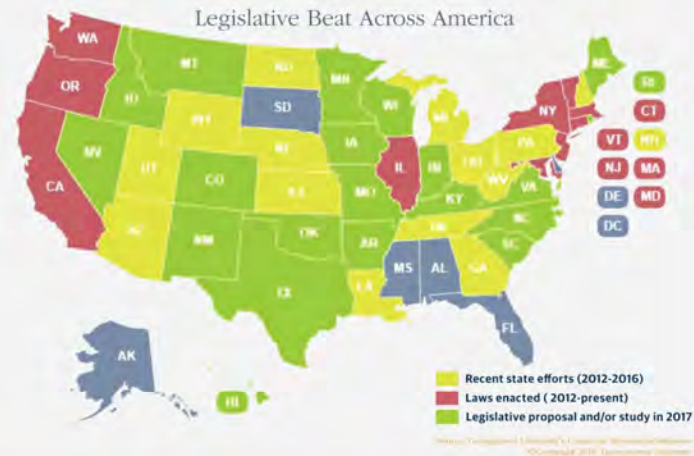
- Required if employer does not have a plan, or if plan does not meet legislative definition.
- Automatic Enrollment at 5% implemented through phases.
- Automatic escalation with a cap.
- Automatic re-enrollment.
- Compliance costs built in over time. California \$750 per employee.
- Roth IRA default with an IRA option.
People who pay no to little tax should not be taking a tax deduction.
No mandatory RMDs.
Portable to rollover 401k if plan permits.

Note: Roth IRAs cannot be rolled into an employer plan under current law.

Types of Plans

- State Auto - IRA • California, Connecticut, Illinois, Maryland, Oregon, Seattle
- Voluntary Payroll Deduction IRA • New York
- 401k Multiple Employer Plans • Vermont, Massachusetts
- Marketplace - IRAs 401ks • Washington, New Jersey

Legislative Beat Across America



A SMARTER RETIREMENT SOLUTION



Get all or some of your State and Local Taxes (SALT) back

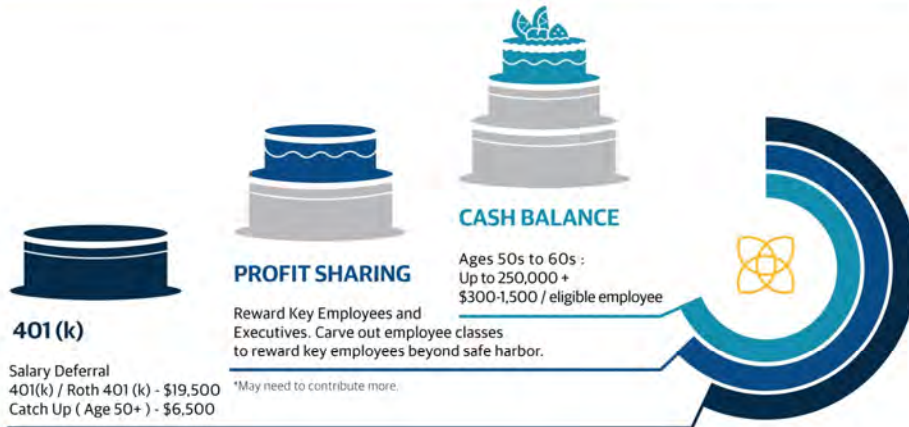


May reduce FICA, Medicare & Worker's Comp



Potential 20% deduction on QBI from Sec 199A deduction

* Consult your CPA on potential outcomes



Build a better future, one layer at a time.

Think of building your company's Retirement Plan like baking a cake., the 401(k) plan is at the bottom, Profit Sharing Plan is the next layer., then Cash Balance is the icing on top. Let's Get Started !

Through 4 Simplified Processes,



We are here to help you get there.

Is your client fulfilling their due diligence responsibility?

AREAS TO CONSIDER WHEN SELECTING A PLAN PROVIDER

RECORDKEEPING

- Account representative location
- Account representative to client ratio
- Background
- Conversion management team
- Conversion process
- Investment transfers
- Other benefit processing
- Participant address changes
- Payroll and census transmittal
- Plan deposit submissions
- Processing loans, distributions
- Quality assurance standards
- Quality standards
- Recordkeeping system
- Reporting timeliness and accuracy
- System enhancements
- Terminations and distributions
- Tracking beneficiary designations
- Type of investment accounting

COST

- Asset charges
- Base administration fees
- Contract termination fees
- Conversion fees
- Education/Enrollment materials
- Education/Enrollment meetings
- Employer Stock
- Fund change (addition/deletion)
- Investment right fees
- Market Value Adjustment
- Miscellaneous fees (loans, hardships)
- Per participant fees
- Plan amendment fees
- Plan document fees
- Pricing guarantees
- Self Directed Brokerage
- Testing (compliance) fees
- Transaction fees
- Trustee fees

TECHNOLOGY SERVICES

- Annual investment in technology
- Automated Voice Response System
- Individual investment advice
- Internet-based tools and materials
- Online plan management reports
- Opt out of Voice Response System
- Plan participant website
- Plan sponsor website
- Toll-free customer service assistance
- Fee leveling capabilities
- Account aggregation tools
- Retirement income projections
- Financial wellness reporting
- Mobile app functionality

COMPLIANCE

- 5500 completion
- Coverage testing
- Form 5500
- Late deposit monitoring
- Minimum distributions
- Number of compliance specialists
- Number of ERISA attorneys on staff
- Plan amendments
- Plan document capabilities
- SAS 70 package
- SPD drafting and distribution
- Special discrimination testing
- Standard discrimination testing
- Summary Annual Report

INVESTMENT MANAGEMENT

- Investment selection flexibility
- Access to open architecture
- Add, delete and freeze funds
- Asset allocation funds
- Asset class and investment style
- Automatic rebalance
- Custom asset allocation accounts
- Fund expenses
- Fund requirements/limitations
- Index funds
- Guaranteed and stable value styles
- Retirement income options process
- Decumulation tools
- Money Manager flexibility
- Number of funds offered
- Portfolio adjustment
- ScorecardSM rankings
- Type of contract

COMMUNICATION

- Communication materials
- Customized materials
- Employee Statements
- Enrollment kits style/delivery
- Enrollment process
- Enrollment meetings
- Fund changes
- Investment transfers
- Local enrollers
- National enrollers
- Ongoing assistance materials
- Online investment advice tools
- Onsite meetings
- Plan participant website
- Print campaigns / materials
- Prospectus delivery
- Self Directed Brokerage option
- Spanish services / materials

PARTNERING WITH A QUALIFIED TEAM



Retirement plan specialist advisors understand and coordinate with everyone involved and make sure the business owner's intentions are implemented.

[LOW]

[HIGH]

PRICE VS VALUE

Little to no ongoing support
 Cookie cutter plan document
 More time for administration
 Misaligned goals and actions

Continued ongoing support
 Customized plan document
 Less time for administration
 Aligned goals and actions



Integrate ERISA into the client's financial plan

- 401(k)
- 403(b)
- Roth 401(k)/403(b)
- Profit Sharing
- Cash Balance
- Defined Benefit
- Supplemental Employee
 - Retirement Plan (SERP)

Partner with qualified team to attract and retain your clients

- Webcast Ideas - A Virtual World, An Endless Opportunities
 - What clients need to know about their company's 401(k) plan
 - How processes help plan sponsors fulfil their fiduciary duties



- Marketing Materials - Simplified Complex Concepts



Working together to promote people, progress, and productivity©

LEONARD C. WRIGHT, CPA/PFS, CFP®, CLU®, ChFC®

☎ C : 213.447.1833 ✉ leonard.wright@nm.com

THANK YOU FOR SHAPING THE FUTURE

Disclosure

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM) and its subsidiaries, including Northwestern Long Term Care Insurance Company (NLTC), **Northwestern Mutual Investment Services, LLC (NMIS)** (Investment Brokerage Services), a registered investment adviser, broker-dealer, and member of FINRA and SIPC, and Northwestern Mutual Wealth Management Company* (NMWMC) (Investment Advisory Services), a federal savings bank. NM and its subsidiaries are in Milwaukee, WI. Leonard Wright is an Insurance Agent of NM, a Registered Representative of NMIS, and a Representative of NMWMC. Not all Northwestern Mutual representatives are advisors. **Only those representatives with "Advisor" in their title or who otherwise disclose their status as an advisor of Northwestern Mutual Wealth Management Company (NMWMC) are credentialed as NMWMC representatives to provide advisory services.** Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIA PLANNER™ and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.



LEONARD C. WRIGHT
CPA/PFS, CFP®, CLU®, ChFC®
Wealth Management Advisor

600 West Broadway St, Ste. 600
San Diego, CA 92101

CELL: 213.447.1833
OFFICE: 619.230.8055

E: leonard.wright@nm.com
W: leonard-wright.com



PETER RACEN
CLU®, ChFC®, CASL®, CFP®, AEP®
Wealth Management Advisor

424 S Woods Mill Road, Ste. 110
Chesterfield, MO 63017

OFFICE: 314.744.5270

E: peter.racen@nm.com
W: peterracen.com



BRIAN M. JONES
CPA/PFS, CFP®, CLU®, CLTC®
Wealth Management Advisor

1449 Old Waterbury Rd, Ste. 103
Southbury, CT 06488

OFFICE: 203.264.8881

E: brian.jones@nm.com
W: TheJonesFinancialGroup.com



RON L. VIA
Financial Advisor

500 E Broward Blvd, Ste. 2000
Ft Lauderdale, FL 33394

CELL: 414.530.3000
OFFICE: 954.535.9889

E: ron.via@nm.com



ERIK FREEMAN
ChSNC®
Financial Advisor

1224 West State St, Ste. E
El Centro, CA 92243

CELL: 760.960.3145
OFFICE: 760.353.5151

E: erik.freeman@nm.com
W: erikfreeman.nm.com



AMIE AGAMATA
CFP®, RICP®, ChFC®
Associate Wealth Management Advisor

600 West Broadway St, Ste. 600
San Diego, CA 92101

OFFICE: 619.230.8055
E: amie.agamata@nm.com



RICHARD M. PERLIN
CPC, J.D.
Wealth Management Advisor

5215 Old Orchard Rd
Ste. 1200, Skokie, IL 60077

OFFICE: 847.583.2264
E: richard.perlin@nm.com



DAVID J. EISENHAUER
CFP®, CLU®, CPA
Wealth Management Advisor

2121 N California Blvd, Ste. 620
Walnut Creek, CA 94596

OFFICE: 925.296.5171
E: david.eisenhauer@nm.com

DISCLOSURES:

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries. Leonard C. Wright, Peter Racen, Brian M. Jones, Ronald L. Via, Erik Freeman, Richard M. Perlin, and David J. Eisenhauer, are Representatives of Northwestern Mutual Wealth Management Company®, Milwaukee, WI (fiduciary and fee-based financial planning services), a subsidiary of NM and federal savings bank. Representatives are Insurance Agents of NM and Registered Representatives of **Northwestern Mutual Investment Services, LLC** (securities), a subsidiary of NM, broker-dealer, registered investment adviser and member FINRA and SIPC.

Leonard C. Wright is primarily licensed in California and may be licensed in other states. CA License: #OB93763. Peter Racen is primarily licensed in Missouri and may be licensed in other states. CA License: #OD29950, AR License: #3201464. Brian M. Jones is primarily licensed in Connecticut and may be licensed in other states, CA License: #OB70626. Ronald L. Via is primarily licensed in FL and may be licensed in other states. CA License: #OE78749, AR License: #7907355. Erik Freeman is primarily licensed in CA and may be licensed in other states. CA License: #OB88897. Richard M. Perlin is primarily licensed in IL and may be licensed in other states. CA License: OF60121. David J. Eisenhauer is primarily licensed in CA and may be licensed in other states. CA License: #OG79887

Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design), & CFP Board's CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete initial and ongoing certification requirements. The Chartered Advisor for Senior Living (CASL®) designation is conferred by The American College of Financial Services.

© 2020 LEONARD C. WRIGHT. MAY BE USED WITH PERMISSION.



CASH BALANCE

*The Least Known Plan,
The Most Opportunity.*

> Let's Get Started!

 Start Planning
For What Matters Most To You.

Northwestern Mutual
Wealth Management Company®

Build a better future, one layer at a time.

Think of building your company's Retirement Plan like baking a cake, the 401(k) plan is at the bottom, Profit Sharing Plan is the next layer, then Cash Balance is the icing on top. Let's Get Started!

A SMARTER RETIREMENT SOLUTION



Get all or some of your State and Local Taxes (SALT) back



May reduce FICA, Medicare & Worker's Comp



Potential 20% deduction on QBI from Sec 199A deduction

* Consult your CPA on potential outcomes.



401 (k)

Salary Deferral
401(k)/Roth 401 (k) - \$19,500
Catch Up (Age 50+) - \$6,500



PROFIT SHARING

Reward Key Employees and Executives. Carve out employee classes to reward key employees beyond safe harbor.*

*May need to contribute more.



CASH BALANCE

Ages 50s to 60s:
Up to \$250,000+
\$300-\$1,500/eligible employee



Start planning for what matters most to you.

Contact us to get started :

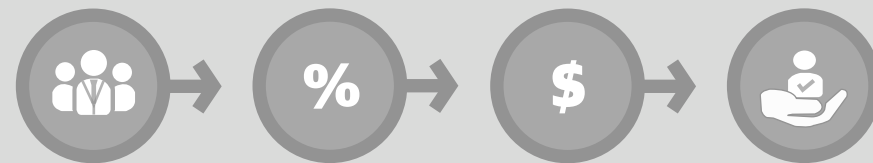
LEONARD C. WRIGHT CPA/PFS, CFP®, CLU®, ChFC®
Retirement Plan Specialist, Wealth Management Advisor

CELL: 213.447.1833 | OFFICE: 619.230.8055
E: leonard.wright@nm.com | W: Leonard-Wright.com

WHAT

IS A CASH BALANCE PLAN?

A defined-benefit pension plan with the option of a lifetime annuity.



The employer credits a participant's account with a set percentage of their yearly compensation plus interest charges. The plan's funding limits, funding requirements, and investment risk are based on defined-benefit requirements.

CONTRIBUTION

	Compensation	401(k)	Safe Harbor	Employer	Pct of Comp	Cash Balance	Total Contribution	Pct of Total
Owner Age 59	\$285,000	\$26,000	\$0	\$0	0.0	\$265,000	\$265,000	66.17%
Owner's Spouse Age 55	\$75,000	\$26,000	\$0	\$0	0.0	\$100,000	\$100,000	24.97%
Subtotal	\$360,000	\$52,000	\$0	\$0	0%	\$365,000	\$365,000	91.14%
Employees Total (9)	\$414,000	\$0	\$12,420	\$16,767	7.1%	\$6,300	\$35,487	8.86%
Grand Total	\$774,000	\$52,000	\$12,420	\$16,767		\$371,300	\$400,487	100.00%

Please note this is a hypothetical example that uses new comparability to determine non-discrimination. For simplicity purposes, the above table summarizes the safe harbor and employer contributions related to total employee compensation; all employees are non-highly compensated with salaries ranging from \$35,000 to \$60,000. Courtesy: Integrity Pension Services, LLC.

WHO

IS A CASH BALANCE PLAN FOR ?

BUSINESS OWNERS | PARTNERS | KEY EMPLOYEES | YOUNGER STAFF

CONTACT US!

OUR TEAM OF 401(k) EXPERTS ARE HERE TO GUIDE YOU THROUGH THE ENTIRE PROCESS.

WHY

A CASH BALANCE PLAN?



Provides potential significant tax deductions



Provides additional contributions limits above & beyond a 401(k)



Flexible plan design allows key employees to receive larger allocation

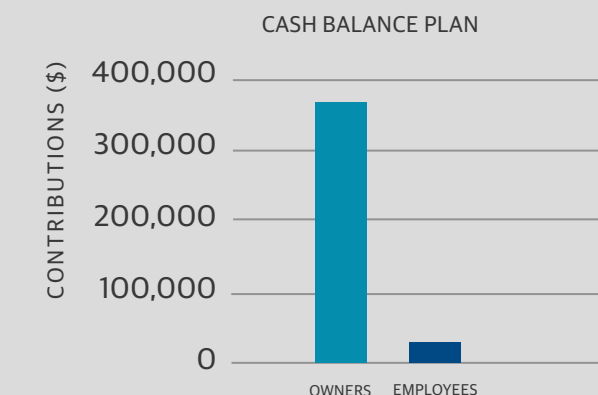
A SIMPLE,
FLEXIBLE,

CUSTOMIZED
SOLUTION

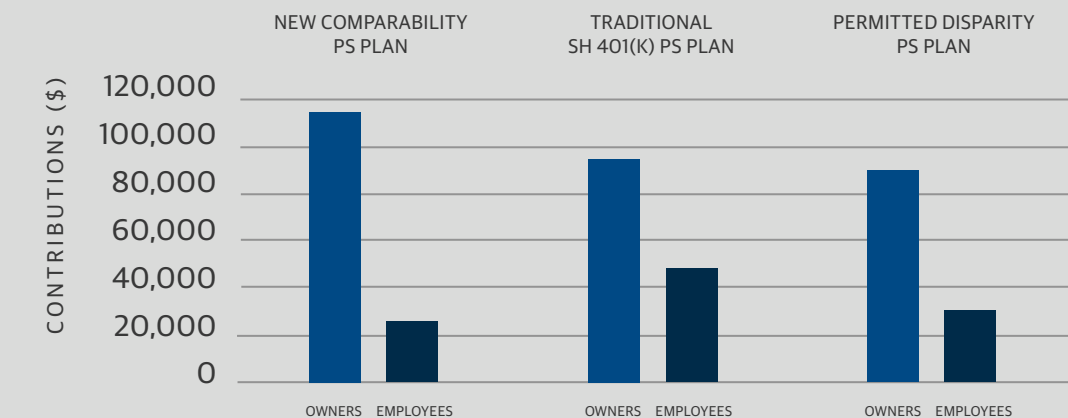
DESIGNED
FOR **YOU &**

YOUR BUSINESS
CULTURE

CASH BALANCE OUTCOMES



PROFIT SHARING OUTCOMES



Courtesy: Integrity Pension Services, LLC

IRS Regulations allow certain types of allocation methods as long as they fall within the range allowed by non-discrimination tests. A third party administrator can help you maximize the benefits for your key employees by taking advantage of legitimate plan design options.

Please note this is a hypothetical example. All numbers based on Employer Contributions: 3% safe harbor non-elective for highly compensated employees (HCEs) and non-highly compensated employees (NHCEs); plus 7.88% for traditional safe harbor 401(k) profit sharing plan example, 5.39% for permitted disparity example and 2% for new comparability example. Maximum compensation of \$285,000 used for HCEs. Plan allocations were designed to maximize the owners at \$57,000 total allocation.