

the dana report

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ABOUT THE FIRMS



Dana Consulting Group, Ltd. and Jennings Law Firm, Ltd. were established to provide employers with a single source of comprehensive legal and consulting services relating to retirement plan and employee benefit matters.

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SOCIAL SECURITY WAGE BASE MAY INCREASE TO \$130,500 FOR 2018

The chief actuary for the Social Security Administration projects, under the three methods used to forecast the wage base, the SS wage base for 2018 will increase to \$130,000 (an increase of 2.2% over the current \$127,200). The actual increase will be announced in the Fall.



SCOTUS NEIL GORSUCH MAY BRING EMPLOYER-FRIENDLY APPROACH TO ERISA CASES

Anybody even remotely involved with ERISA plans knows there has been plenty of litigation over the past ten years. Some of these cases sometimes find their way to the US Supreme Court. So how will Justice Gorsuch joining the Court impact cases that end up there?

Justice Gorsuch was a judge sitting on the US Court of Appeals for the Tenth Circuit and was nominated by George W. Bush in 2006. During his time on that court he participated in about 20 opinions relating to ERISA. Those cases tended to focus on matters like preemption, claims denial and cash balance plans, and he did not participate in some of the more toxic issues like 401(k) plan fees, fiduciary responsibility and retiree lifetime benefits. Justice Gorsuch usually sided with employers and plan administrators.

Our Comment: We have seen examples in the past where judges who join the US Supreme Court suddenly change the way they look at things. Judges below the SCOTUS don't like to be overruled and that can temper what they really want to do in a case. So predicting what Justice Gorsuch will do now that he is on the high court is difficult but if his record is a true indicator of this views, that should be good for plan sponsors and fiduciaries.



ADDRESSING THE RETIREMENT SAVINGS CHALLENGES OF WOMEN

NertWallet reports that the pay gap for women is closing. That's great but it is not translating into women automatically being better prepared financially for retirement. For example, women are living longer than men and many women

are taking career breaks (or will be) to raise children and care for other family members. So the pay gap may be closing but the savings gap is not.

The Transamerica Center for Retirement Studies released a study called "Seventeen Facts About Women's Retirement Outlook." The study reveals that approximately 68% of working women have access to an employer retirement plan, but 26% are working part-time and don't have the resources to take advantage of the plan. Also many plans require an employee to work at least 1,000 hours in a year to initially qualify. That excludes many part-timers even if they are willing to save.

We have written many times in the dana report about the unique challenges that many women face in planning for retirement. There are many options that employers can do to make their retirement plans (particularly 401(k) plans) more accessible to women (and other under-represented groups). However, not all employers are aware of these options. Financial advisors can be a great source of information and recommendations to making an employer plan more accessible and more effective to all employees. Our firm works with financial advisors and other advisors to businesses to improve their value added proposition for serving the retirement plan industry. If you are a financial advisor and want some help, please call Lee T. Jennings in our office at (630) 802-7644.



MAJORITY OF PLAN AUDITORS DO FIVE OR LESS AUDITS

Once a qualified retirement plan reaches 100 participants (120 initially under a Labor Dept rule), the plan sponsor is required to engage an independent CPA to conduct an annual audit of the plan. A recent report by ERISApedia, a consultancy monitoring ERISA from the CPA's perspective, shows that 74% of CPA firms conducting qualified plan audits handle five or less audits per year. Now just because the firm does not do a lot of audits does not mean it is not competently doing those audits. The Labor Dept issued a study itself recently called "Assessing the Quality of Employee Benefit Plan Audits" that found a "clear link" between the number of audits conducted by a CPA and the quality of those audits. As a result the Labor Dept has directed its internal auditors to target plans that use CPAs who conduct smaller number of audits.

Our Comment: The Trump administration has targeted overly aggressive regulatory practices and it remains to be seen whether the Labor Dept going forward continues to target plans that are audited by CPA firms doing a small number of audits each year. Hopefully this DOL directive will go away. Nevertheless, plan sponsors whose plans require annual audits should discuss this matter with their CPA firms. We have many plans that require annual audits and, while we don't know how many audits the CPA firms do each year, we can tell you those firms request a lot of data from our firm as part of the

audit. If your plan requires (and will soon be required) an audit and your CPA firm does not conduct those kinds of audits, give us a call. We work with CPA firms with experience and expertise to conduct these audits in a way the Labor Dept accepts.



401(k) SALES CHAMPION MARKETING PROGRAM

We have long maintained that a dedicated financial advisor is key to a successful 401(k) plan. To assist our financial advisor partners be as successful as they can, we offer the 401(k) Sales Champion Workshop. This is a web-based marketing program designed exclusively for financial advisors who service clients in the retirement plan industry. The workshop has been updated with several new enhancements.

If you are interested in looking at the workshop, please visit our website at www.danaconsulting.com, and click the tab on the left column of the Home Page.

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