

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.

If you know someone who would like to receive *the dana report*, click the link below.



FEBRUARY 28 UPDATE TO ADVISORS BY LEE JENNINGS

Lee Jennings in our office will be giving an update on retirement plan matters on February 28th with Mike Sullivan, Regional Sales Director for Retirement Services for OneAmerica Financial, at their Oak Brook office. Topics will include:

- Illinois Secure Choice Savings Program
- Delinquent 401(k) and loan payments
- Forms 5500 and "hard assets"
- Buying businesses with IRA assets (ROBs transactions)

We will be sending out invitations but if you would like to attend, please contact Lee at (630) 802-7644 or email him at LeeJennings@danaconsulting.com, and he will make sure you get an invitation.



2017 COLI DOLLAR LIMITS FOR RETIREMENT PLANS

What is the maximum 401(k) contribution for 2017? What about catch-up contributions? Retirement plans are subject to a variety of limits, some are dollar amounts that get changed periodically for inflation.

You can download our popular worksheet by visiting our website at www.danaconsulting.com, and clicking the Education Center tab.



FAILURE TO FILE FORM 5500 GETS MORE EXPENSIVE

Speaking of dollar limits, the Labor Dept has been increasing their penalties for failure to do a variety of things. For example, they can now wack you for up to \$2,097 **PER DAY** for failure to file a timely Form 5500. There is an amnesty program that reduces that to \$750 per return but that only applies if you file the late return before the Labor Dept finds out about it.

Comment: If you (or your client) maintains a plan subject to ERISA, there is a good chance that plan has to file an annual Form 5500. You need to review your plans and verify whether returns are required and, if yes, are they being filed. You should NOT expect any sympathy from the Labor Dept if they catch you first.



FIDUCIARY REG UPDATE

The Trump Administration has issued an executive order to roll back the Labor Dept's fiduciary regulation. Specifically the order directs the Labor Dept to prepare an economic analysis and to propose rescinding, or at least revising, the regulations if their application is anticipated to harm investors or retirees.

Stay tuned!!



ILLINOIS SECURE CHOICE SAVINGS PROGRAM ROLL OUT DELAYED TO 2018

The Illinois Treasurer's Office has delayed the rollout of the Illinois Secure Choice Savings Program to 2018.

We have devoted considerable space in this newsletter since 2015 about the Illinois Secure Choice Savings Program. The new law was intended to go live in June of this year, so the delay is welcome news. The law requires Illinois employers with 25 or more employees to offer a state-run payroll deduction retirement savings plan if the employer does not offer a federal qualified retirement plan, such as a 401(k) plan.

We have also written regularly on the sorry state of the Illinois public retirement system, and noted it is the WORST funded system in the US; worse than New York, New Jersey or California. In the interest of fair reporting we now need to notify you that Illinois is no longer the WORST. New Jersey now claims that title. However, Illinois' funding deficit increased last year by a whopping \$7.6 billion to \$119.1 billion. Not only that but Illinois owes vendors \$9 billion and is behind on payments to schools and universities.

We think the two topics are integrally related since we are concerned that the real motive behind the Secure Choice Savings Program is that it represents a source of money for the legislature to raid. As reported in our December edition of the Dana report, the Illinois Treasurer's Office estimates start-up costs to be \$15 million (and this is with no money collected) and then annual expenses to run about \$34.5 million (including about \$22.5 million in investment management fees). If taxpayer dollars cannot be used to pay these costs, where does the money come from?

For financial advisors, this is an incredible opportunity to build up your retirement plan business. No employer in its right mind is going to want to foist its employees into this state-run program. Experts who look at these state-run plans are in agreement that the plans can make no positive income in their early years. The upfront costs and annual costs are going to be too high. Our firm offers a variety of marketing and service ideas to help advisors win more business and better serve their

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existing business. If you would like to know how we can help you, give us a call.

We have prepared a 2-page firm memo on this new law that you can furnish to prospective employers. The memo is on our website (www.danaconsulting.com) under the Advisor Services tab.



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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