

The PRS Report

VOLUME 31,
ISSUE 1

SEPTEMBER
2022

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CLIENT REFERRAL PROGRAM:

If a client you recommend to us becomes our client, you can receive a 10% discount on annual services for every year they remain a client



Meet Our Actuary, David Yackel



Currently, David Yackel heads up the consulting practice for Pension Review Services. He is responsible for Defined Benefit plan actuarial valuations and is involved in many aspects of the firm's Pension and Profit Sharing plan activities. Dave reviews plans for legal and technical actuarial compliance and, when necessary, designs new plans to meet clients' needs, while providing insight into how their plans are performing and what variables will determine performance long-term. Dave's expert analysis and recommendations allow clients to make intelligent, informed decisions that move them closer to their financial goals.

Prior to joining Pension Review Services, Dave worked at Chernoff Diamond & Co., LLC, where he served as the Chief Consulting Actuary for over 30 years. David also worked at Kwasha Lipton and William M. Mercer, where he provided actuarial and consulting services to a varied group of corporate employers.

Dave is active in the pension community and has presented before various Society of Actuaries groups and meetings.

Dave commented, "At Pension Review Services, I'm able to surround myself with a team of topnotch professionals who keep me inspired and energized—attributes that ultimately benefit my clients as well."

Why Use ShareFile?



When you see an email with the Subject "ShareFile" from our office, do your eyes glaze over the email and move to your next email without opening the ShareFile email? If so, you do so at your peril. Below are examples of why it is so important to follow the links in our ShareFile emails.

- One of our clients asked us in March why we had not sent their contribution quote to them so that they could make the contribution and report it to their accountant who would in turn complete their business tax filing. We replied that no contribution quote was sent because we had not received any of their information. Then we mentioned that the ShareFile email sent in January contained a link to the Annual Reporting package that had to be completed in order for us to provide a contribution quote. Unfortunately, that email had been ignored.
- One of our clients who mails out his Form 5500-EZ to the IRS (rather than submitting electronically) did not click on the link in the email sent through ShareFile, thereby failing to access the Form he needed to sign and send. When the IRS discovers a Filing is missing, there are steep penalties assessed. By the way, if you discover that this has happened to you, DON'T just send in the Form late. Let us know, and we will enter the Filing into a Late Forgiveness Program where the fee assessed is way lower than the penalties would be upon IRS discovery.

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Why use ShareFile?

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- One of our clients never opened the link in the email from ShareFile to look at her Required Minimum Distribution (RMD) information, so she failed to take her RMD last year. PRS either sends a separate letter regarding the RMD or includes that information in the letter preceding the Valuation Report. The only way to access this information is through ShareFile. We might not find out that an RMD was not taken until the following year when the asset statements are reviewed and reconciled. Big problem since there is a 50% excise tax on RMDs not taken!
- One of our clients never followed the link in the email from ShareFile to look at the Safe Harbor 401(k) contribution that was supposed to be made. The link would have brought them to the Contribution Quote file in ShareFile which contained a letter and a listing of the Safe Harbor amounts that should have been allocated to each participant. Again, we might not find out until the following year that the contribution was never made. Upon audit, the Plan could lose its tax-qualified status for failing to make the Safe Harbor 401(k) contribution.
- One of our clients never opened the link in the email from ShareFile to look at the Report Letter that provided the amount of the Fidelity Bond which was required for their Plan. There is a section in that letter called "Fidelity Bond" which contains that information. This Bond amount is provided to the IRS on Form 5500.
- One of our clients never opened the link in the email from ShareFile on the day their plan document was restated. The link in the email would have directed him to the Employee Handouts folder. Since he never clicked on the link, his employees never received the handouts which are required by the IRS to be distributed.
- Two weeks after an employee requested a loan from her 401(k) account, she questioned the plan sponsor since she had heard nothing in regards to her request. The plan sponsor had contacted us to request the loan; however, he never followed the link to the Loan paperwork in the email from ShareFile. The link would have led him to the material uploaded by Pension Review Services that included a letter of instruction, the loan application, various agreements and consent forms, and an amortization schedule. Before a loan can be processed for a participant, we need all forms completed, signed, and returned.
- One of our clients never opened the link to a Benefit Distribution package that was included in an email from ShareFile. Several weeks after the former employee requested the proceeds from her account, the plan sponsor called us and inquired about his request. The email from ShareFile had contained a link to the Benefit package for that participant which included a letter of instruction, various forms for the participant to complete and sign, and notices to read. Because it was now three weeks past the payment date included in the package for this defined benefit plan participant, we had to modify the payout amount with an interest adjustment.

Many of our clients do not realize that ShareFile serves as a well-organized filing system for all documents related to their plans. This enables them to access all sorts of information about their plans effortlessly by clicking on the appropriate folder. Examples include prior 5500 Forms, Valuation reports, Plan documents, Employee handouts and more.

If we've convinced you of the advantages of ShareFile but you find it difficult to log-in or to navigate through your folder, please do not hesitate to contact us. We would be more than happy to assist you. Well-informed and engaged clients lead to efficient and compliant plans!



The New 90-Day Pre-Examination Compliance Pilot Program



In June, the IRS launched a new program in which plan sponsors will receive a letter concerning an impending audit of their Plan *90 days in advance of the actual audit request*. The pre-audit letter may identify a specific area the IRS is interested in exploring. This program is meant to provide time to plan sponsors to voluntarily report any operational or compliance failures it finds (or its Third Party Administrator or legal counsel finds) prior to receiving the actual audit notice. If problems are discovered, and they can be self-corrected through the IRS's Self-Correction Program (SCP) or entered into the IRS's Voluntary Compliance Program (VCP) within this 90-day period, there are financial incentives to encourage this type of action. Once an audit discovers a problem, it is too late to enter the SCP or VCP, and fines and penalties are assessed through the IRS's Audit Closing Agreement Program at far greater cost.

If you receive one of these letters from the IRS, contact us as soon as possible. Ninety days go awfully fast. The IRS will want a response from you to their letter revealing the process followed to review the area of concern and its results.



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