

## **Is Your Retirement Plan Designed to Fail or did you Fail to Design?**

In many cases through the years, I've concluded many qualified retirement plans are established in too much of a hurry. Usually, at the end of a calendar (*or fiscal*) year. Typically, the business owner, following the advice of his accountant, establishes a qualified retirement plan in the current tax year so his company may deposit a tax-deductible contribution for that year. Often the emphasis is on establishing the plan by the deadline (*December 31<sup>st</sup> for qualified plans*), and very little thought is placed on plan design.

As the years pass the business owner sometimes wonders why more employees do not appear to appreciate or actively participate in the plan. Some employees may not even perceive the plan as a benefit. Sound familiar?

Many features exist for employers to make their plans more attractive and thus increase the value of the retirement program as a highly regarded benefit. As we redesign an employer's plan we typically are able to provide more benefit at less cost and minimize the employer's fiduciary responsibility significantly. Often it is just a simple matter of modernizing and updating an existing plan design.

We firmly believe employers need to revisit their qualified retirement plan documents every few years with a pension specialist. The Department of Labor issues ERISA regulations and the Department of Treasury and the IRS occasionally issue letter rulings or require amendments that are sometimes overlooked by business owners busy running their companies.

It may be time to modernize and update your company's plan design. You should call your plan administrator or pension specialist who will help you design your plan to succeed into the 21<sup>st</sup> century.

*About the Author: Mr. Shaffer, who has served the industry for 20 years, is president of Executive Benefit Plans, Inc. He is among a handful of Pension Specialists contracted with Transamerica Asset Management, a division of Transamerica Life Insurance and Annuity Company in the United States and has written numerous articles on retirement plan design.*