

THE “COMPLETE RETIREMENT SOLUTION”



WEBCAST QUESTIONS & ANSWERS

April 20, 2017

If you had to identify a few key attributes of clients to prospect for this NQ plans and Newport’s bundled solution, how would you identify them in terms of number of employees, number of executives, executives making over a certain amount of compensation or other identifier.

The NQ plan would be a new or existing Newport 401(k) plan. A new plan would have 20 to 50 eligible participants and an existing plan would have 10 to 20 participants.

If I have a client who is a highly paid executives are limited in their 401(k) contributions because of testing, would that make them a good candidate for this solution?

A client with highly paid executives that are limited in their 401(k) contributions would be an ideal candidate for the bundled solution.

Who would be the technical expert that is available to get on the phone with me and an NQ prospect?

Newport Group’s non-qualified consulting team would be available to assist you with your prospect.

Does the Newport Group site integrate seamlessly for participants?

Yes, the participant site will be fully integrated. Newport Group is one of a few providers who offer a web site with full integration.

What is the turnaround time for plan implementation?

The standard turnaround time for a new plan implementation or plan conversion is 90 to 120 days. However, keep in mind that other factors may affect actual timing.

Who typically pays the administration and implementation fees?

sponsors typically pay the administration and implementation fees. Newport Group bills quarterly. Some plan sponsors elect to transfer the costs to participants, but this is not common.

Does Newport Group help with the COLI placement?

Newport has a team and actuaries and financials analysts that will work with you on the COLI placement. You are assigned a plan consultant for each case who will serve as your liaison for the implementation of COLI.

What types of compensation are participants deferring?

Participants can elect to defer a portion of salary or bonus or a % of salary and bonus over a certain compensation amount. The election is made the calendar year prior to earning the compensation.

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How do Split Dollar Plans relate to Deferred Compensation Plans?

Split dollar plans are plans funded with life insurance and typically separate from Deferred Compensation Plans. Since many Deferred Compensation Plans are funded with COLI, plan sponsors can offer a death benefit only benefit (DBO) to share a portion of the death proceeds with a beneficiary. This benefit is taxable to the estate and typically only offered while employed. Newport Group's NQ Consulting team can assist you in these plan design decisions.

Who is the custodian of plan assets?

There are several options: i) the custodian can be the same of the custodian of the 401(k), ii) the plan trustee can serve as custodian or iii) Newport Group has other preferred providers who we can work with to provide custodial services. In the future, Newport Group Trustee will be able to provide these services to plan sponsors.

What do employers do when they sell their firm and have a NQDC plan? Can it continue as is so the executives aren't forced to take distribution immediately upon the sale?

There can be complexities around mergers, acquisitions, etc. In these situations, the plan sponsor should work with Newport Group's non-qualified consulting team on plan design options available.

For those that aren't insurance licensed in their state or don't sell COLI how does Newport group facilitate the transaction so that we can operate in a fee only capacity?

When a partner is not insurance licensed, Newport Group would work with the prospect to implement an institutional mutual fund lineup with very little or no 12B1 revenue-sharing fees, driving the cost down as low as possible for the plan sponsor.

Typically, we would bill on behalf of the client in an ERISA 401(k) plan, but this is different so you would take that into account when you're billing so you would want your fee to be inclusive of both the nonqualified solution and qualified services fees.