



Open letter to members from Chair of
AICPA Firm-Based Retirement committee

July 31, 2015

Dear Colleagues,

Sometimes, with all the demands on time and priorities among CPA firms, the topic of retirement planning for partners and employees of the CPA firm can be overlooked. This letter serves to encourage firms to take a closer look at an extraordinary program created by the Member Retirement Committee — we believe it offers the flexibility to meet the needs of most firms and presents a significant value the firms may not be able to achieve on their own.

Brief History

The Committee recognizes that the size of CPA firms ranges from sole practitioners with a potential need for a one-participant plan up to large firms with thousands of participants with varied plan design and investment objectives. The vast majority of firms have fewer than 50 employees — a generally underserved segment of the retirement plan industry. While small and mid-sized firms have varying retirement plan objectives (including maximizing current tax deductions for partners, offering an attractive plan to compete for employees, and providing investment options suitable to novice and sophisticated investors), the current program design should be capable of serving the 401(k) plan needs of most firms. It brings large-firm benefits to small and mid-sized firms.

The Member Retirement Program has undergone some changes in vendors and program design over the years. In 2009, the Committee elected to partner with Paychex Retirement Services, the largest provider of 401(k) plans in the country, as ranked by *PlanSponsor* magazine (June 2015). We are extremely pleased that the continuing enhancements to the program and our partner's efforts to promote it to CPA firms have resulted in a tenfold increase in firms sponsoring 401(k) plans through the program over that timeframe.

Program Objectives

The Committee conducts member research annually to understand key retirement needs and ensure alignment with our program. In designing a program that encourages firms of all sizes to establish and maintain a competitive 401(k) program, the Committee, mindful of member feedback, has the following objectives in mind:

- Encourage firms to **"get in the game"** by offering a retirement plan design with larger contributions than an IRA or SEP, while keeping control of employer contributions in line with the firm's objectives for establishing a plan;
- Enable firms to offer a **wide range of investment** lineups, ranging from a selection of pre-screened "core" funds to an open-architecture platform to allow firms to utilize the services of an independent investment professional in selecting among a large pool of funds;
- Provide **for ease of administration** through a world-class payroll provider along with options for fully bundled administration and the use of an independent consultant;
- Contain program pricing that can help fulfill the firm's fiduciary obligations by keeping costs reasonable
- Provide **participant educational materials** that both encourage saving through the 401(k) program and allow firms to take pride in offering a solid retirement program; and
- Provide the **flexibility** to amend and adapt the plan, when desired, for sophisticated plan designs such as age-based or cross-testing profit sharing formulas.



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Brief Overview

The Member Retirement Program enables individual CPA firms to select from pre-packaged lineups of funds that provide 3(38) fiduciary support or to enlist the services of an investment professional (within or independent of their firm) for customized design of the fund lineup. The program provides fee transparency and access to low-cost investments (including index funds) and share classes not typically available to smaller plans. An exciting, recent enhancement to the program is the ability to offer investments managed by Dimensional Fund Advisors. Administratively, the program provides comprehensive recordkeeping services including compliance testing, Form 5500 preparation and much more. The program costs vary by features utilized, but, as a result of pricing negotiated by the AICPA Member Retirement Committee, the significantly discounted rates are highly affordable and cost-effective for our members. To make the process more efficient, firms with 50 employees or fewer can receive FREE payroll services that integrate with the retirement program, minimizing the firms' administrative burden. And by the way, it also provides a six-month, money-back satisfaction guarantee on recordkeeping fees.

Next Steps

I encourage you to review this opportunity today. While this summary of the AICPA Member Retirement Program is intentionally brief, there are a number of ways you can learn more about the Program including:

- Go to aicpa.org/retirement
- Attend an upcoming webinar to hear directly from the program providers on a wide selection of topics
- Contact the Paychex representatives who call on your firm
- Call CPA.com at **855.855.5CPA**
- Contact me by email or phone, and I will be happy to follow up with you

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