

NEWSLETTER

President's Message:



As we come to the end of another fiscal year the Federal Reserve continues to struggle with inflation, creating a lot of uncertainty in the markets. Meanwhile, our industry is headed toward the future with several changes primarily due to the Secure

Act 2.0. I find the wide range of comments on the changes from industry professionals to be quite interesting, from "... at least this provides job security" to "...boy, I'm glad I will be retiring soon." There have already been many seminars, webinars and conference presentations on the Act, and we can expect more once regulatory guidance is given. Until then, our chapter will continue to offer breakfast meeting presentations and technical luncheons focused on what's new.

One of our long-term board members, Cindi Grossner, has retired from the Capital Group and resigned from our board. We will miss Cindi's valuable input and friendship and wish her all the best in her retirement. A co-worker of Cindi's, Matt Russikoff, will take her place on the board. Read Matt's profile below, and please join me in welcoming him to the board! Another of our valued Board members is retiring this year, Alison Fay. See the article later in this edition, thanking Alison for her long service to our Chapter.

The January afternoon meeting and networking event at Andrei's restaurant was a success. Guest speaker Brian Graff, CEO for the American Retirement Association, did an excellent job of covering the high points of the Secure Act 2.0

and some of the Congressional thought process behind it. Many members stayed after the presentation for the networking event, making it so successful we will have another in one May. Stay tuned!

Western Pension and Benefits Council is having an all-chapter conference on October 19-20 at the Westin Kierland Resort & Spa in Scottsdale, AZ. The conference runs for 1.5 days and will be our first since before the pandemic. Please save the date.

In the upcoming months we will be sending membership and sponsor renewal notifications. There are a variety of membership options for individuals and organizations, and I hope everyone will renew as members are the strength of our organization.

A special thanks to all our sponsors for their continued support. We are always looking to enhance our membership, so if you know anyone or a company that may benefit from membership, please let us know.

Warm Regards,
Tom Drosky, PenChecks Trust
Orange County Chapter President

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ASK THE EXPERT!

Are 401(k) Plans Stealing This Strategy From The Airlines?

by Rick Unser

Remember the days when you could book a ticket on your favorite airline, check your bags, get the same coach seat as the next person and even board the plane at the same time all for one low price? If you have flown recently, you realize those days are gone. Today you can still book an inexpensive flight that will get you where you want or need to go. However, if you want to check your bag, you need to pay a fee. Want extra leg room, pay a fee. Don't want to be the last one to board your flight, pay another fee. The change in airline industry fees a decade ago added some additional costs, but fares remain low today. While you have probably altered a how you get ready to go to the airport these days, the airlines are still safely flying, and you and your fellow passengers still arrive at your destination of choice because of these changes.

Turning to 401(k) plans, retirement plan providers today face a similar challenge as the airlines did ten years ago. As a 401(k) plan participant your fares have decreased in the forms of lower investment expenses and core plan fees. However, retirement providers must balance their own financial health with the fees they charge to deliver services to the many people and companies who have trusted them with their retirement savings. Here's a few examples of what retirement providers and employers are doing to keep core retirement plan fees low and what could come next.

Baggage Fees

As retirement providers competed for business over the last decade, they lowered pricing for their core services.

They also waived fees for things like taking a 401(k) loan or a plan distribution when you leave your company or retire. Like the airlines, they realize that any changes should keep the cost of core services or fares low. Today, some 401(k) providers are introducing or increasing fees that don't impact everyone all the time but will bring more revenue to their firm. One example is distribution fees. In some plans there was no cost to take a distribution from your 401(k) plan when you left your company. As providers bid on new business or reprice current plans, we are now seeing increases in distribution fees to \$75 or more. Same for 401(k) loan initiation fees. While they might have been free or \$25 in the past, those fees are also on the rise. Sounds a lot like baggage check or priority boarding fees to me. It keeps overall plan costs competitive, but provides other opportunities to earn revenue.

Expensive Pizza

Remember the days when a 401(k) representative would come into your office and talk about your company's retirement plan? My guess is you haven't seen them in a while. There are a many reasons there aren't as many 401(k) reps running around your office, but the main driver is cost. Retirement plan providers used to include onsite employee meetings into their core pricing. As fees continue to decline, margins have gotten squeezed and onsite education meetings is another service that have gone the way of the baggage fee, an extra charge.

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ASK THE EXPERT!

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And, they aren't inexpensive. In some cases providers charge over \$2,000 a day to host onsite meetings. Many companies have replaced onsite meetings with plan changes like automatic enrollment to ensure employees join their plan. Annual automatic increases in contributions to help people save more money towards retirement each year. And, investing employees in target date funds as an appropriate strategy for their age if they have not made their own investment choices. While they aren't as warm and fuzzy as a conversation about 401(k) plans over a slice of pizza in your conference room, these methods have been wildly effective in helping more people start saving for their eventual retirement. Maybe change isn't so bad.

Where Do We Go From Here?

The intense focus on investment and retirement plan fees means it won't be business as usual for retirement service providers going forward. But remember, 401(k) Plans Are Not Free. As service providers try to balance their financial health, the core services they deliver to the many and the reality that their costs are driven by the active few, more things will change. It would not be shocking to see fees in the future for exchanging or trading investments in your 401(k) plan.

The reality is very few 401(k) plan participants change the investments in their retirement plan. The active few add costs for the many who set it and forget it.

With the broad availability and acceptance of web and app based tools, fewer people actually contact retirement call centers to get help with questions. Will there be charges to speak with live operators or advisors in future?

Or, like the airlines, could we see more support and services available to those who want them and are willing to pay for them? Coming back to the airlines, plenty of people pay for the added comfort and services of a first class seat. They will even pay for an extra 4 inches of extra leg room provided with a "premier coach" seat.

Some change by retirement providers is overdue and beneficial. Overall costs/fares are low. Despite a few added or increased fees for certain services, a good 401(k) plan, like a good airplane, should help all participants/passengers arrive safely at their retirement destination. Now, in a sign of the times I am going to board my flight, stretch out in my extra leg room seat (\$49), get comfy with my pillow and blanket (\$7), and enjoy my snack box dinner (\$10).

About Richard D. Unser

rick.unser@creativeplanning.com

As a Managing Director with Creative Planning Retirement Services, he works with employers and their workplace retirement plans to: integrate employer goals and culture with their retirement benefits strategy; enhance employer fiduciary protection; streamline plan operations; improve employee retirement outcomes. He brings experience, leadership, and the ability to work fluidly with diverse plan committees and various service professionals to run an effective process, triage problems and provide easy to follow recommendations to support decisions. Rick is also a regular speaker at conferences, contributor to Forbes and has been quoted in publications including the Wall Street Journal.



BOARD MEMBER PROFILE

Matt Russikoff

Company: Capital Group Companies

Title: Assistant Vice President Retirement Plan Services

Years in the Industry: 17

First “real” job: Bussing tables at a dinner theater

Education: BA from Cal State Fullerton, TESOL Certificate from Cal Poly Pomona, QKA from ASPPA

Nature of your work: I lead a team of relationship associates who work with plan sponsors, financial advisors, and third-party administrators, as part of our unbundled proprietary product, PlanPremier-TPA®

How you got into the field: Before starting with Capital Group, I taught English in China on-and-off for just under 7 years. This was right out of college, so towards the end, I was finding I needed a job that had benefits, paid Social Security, and (of course) had a retirement plan. When I moved back to the States, it was when Arnold Schwarzenegger was Governor. He had just cut the budget for many community colleges and universities. I had friends that were working at three or four different schools, just to get by. I knew I needed more stability, so I fell back on my Business Economics bachelor's degree and began looking for a “corporate” job. I found an opening for an entry-level customer service position at Capital Group and went for it. I anticipated being here about six months while I looked for a position somewhere else. Well, six months turned into a year, which then turned into two years. A position then opened in Capital Group's Training & Development department and it felt serendipitous – I was suddenly able to teach, but also have the benefits and stability of a corporate job. As part of my responsibilities, I worked with our Retirement Plan Services department. I went through the ASPPA RPF certification, and something just clicked. I went on to earn my QKA and am currently working on my QKC. After spending ten years in Training & Development, a leadership position opened in our PlanPremier-TPA® group. The rest is history!

What you like about the field: Although I don't necessarily feel as strongly in this exact moment – hello-400-page-SECURE-2.0! – I do really enjoy how much the industry has evolved and changed over the years. I truly believe in the power of the individual's opportunity to save for their own retirement, as well as helping to educate employers on the benefits available to them by offering a retirement plan.

Why did you join the WP&BC? When Cindi Grossinger retired from Capital Group, there was a position available on the Board of Directors. I had attended WP&BC events and thought this role would allow for a great opportunity to learn from and network with others in the industry. Also, with my teaching and Training & Development background, I was drawn to the idea of helping put together educational events for my peers in the industry.

Ways you spend free time: Going out to dinner with my wife (Erica), going on adventures with our dog (Ollie Mei), and traveling.

Guiding philosophy: Don't assume I know what is going on in someone else's head, home, or culture. Just because I was raised and lived one way does not mean others experienced the same.

Favorite charity: MS Society and Jose Andres' World Central Kitchen

Last book read: *For You and Only You* by Caroline Kepnes

Restaurant recommendation: Din Tai Fung in South Coast Plaza

What will you do when you retire? Travel and volunteer

A Fond Thank You to Alison Fay

Alison Fay will be stepping down from our Board of Directors as of the end of this program year. Alison has provided invaluable service to the Chapter, through thick and thin, and has had a huge influence on the Chapter's success. She has been a long-time involved supporter of our chapter:

- Member of the Chapter since 1991
- Member of the Board of Directors since 1993
- Two-time past president of the Chapter
- Program chair for many years
- Set up the very first annual conference for our Chapter and worked on our annual conferences with the Governing Board and then ASPPA

The Board will miss her and wishes her well on her future endeavors. Alison will be spending more time being a doting grandma to Walter and Leo, traveling with her husband, Chuck (especially enjoying cruises to anywhere and exploring Hawaii), visiting her son who just moved to the East Coast, and just generally living life to the fullest!

But shed no tears, Alison will continue to be a member so we will get to see her at events, and she is also continuing to practice benefits law with her firm, Boutwell Fay, LLP.



Quarter in Review

January 10, 2023, Washington Update and Social Hour with Brian Graff

Brian, CEO of the American Retirement Association, joined us from Washington, D.C. to provide insight on the latest legislative and regulatory updates, including SECURE 2.0 and ESG regulations.



"It's always great to hear from Brian Graff and his Secure Act 2.0 overview did not disappoint. He was able to provide background and realistic expectations of the implementation of the most salient provisions of the Act. I left feeling more informed and confident to speak with my clients. Thank you, WPBCG-OC, for putting the event together in a timely fashion!"

Tina Schackman, Senior Retirement Plan Consultant, BFGS, LLC

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Quality introductory content that wasn't too basic in scope/coverage." Sidney Browne, Content & Training Manager, PenChecks Trust

January 25, 2023 , 15th Annual Retirement Plan Essentials

Four industry experts—Hitz Burton, JD, Aon, Phuong Jennings, QKA, EGPS, Inc., Tina Schackman, CFA, CFP, Benefit Financial Services Group (BFSG), Mark Murphy, CPA, Marcum LLP—discussed key retirement plan concepts designed to help benefits professionals gain a better understanding of retirement plans, whether new to the industry or just needing a brush up on the essentials

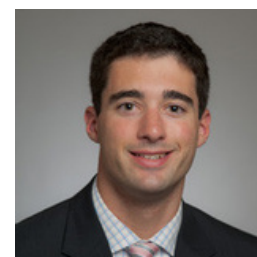
February 16, 2023, Understanding the Intricacies of Stable Value and ESG Investments

The panel—Tina Schackman, CFA, CFP, Benefit Financial Services Group (BFSG), Kevin M. Calabro Senior Investment Director, Fixed Income Global Investment Strategies for Putnam Investments, Christopher Donnager, Sr. Regional Consultant for MFS— held a lively discussion of the recent trends surrounding stable value and ESG investments, with attendees gaining a basic understanding of the stable value asset class and clarification on what ESG means, as well as hearing from a local retirement plan consultant on how these asset classes are being implemented within retirement plans.



"Great job of peeling back the layers of detail of stable value funds that we would not normally be exposed to. The speakers from different sides of the Stable Value market gave a good perspective."

Scott Sandus, Senior Consultant, PBU, Inc.



March 16, 2023, Are You Ready For the 401(k) of The Future?

Rick Unser, Partner & Managing Director with Creative Planning Retirement Services, discussed several important trends taking shape that could alter the dynamics of the retirement marketplace in the coming years.

"Well organized and good pace. Enjoyed hearing from others attending. Liked the topics presented; from where we've been to current trends and where the future is headed."

Jamie Hlapcich, Retirement Plan Coordinator
Retirement Plan Services, Capital Group

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April 20, 2023, Secure 2.0 and Missing Participants

Spiro Preovolos, Director of Operations, Director of Sales and Marketing, and Vice President of Strategic Development, PenChecks, discussed the specific provisions of SECURE 2.0 that affect missing participant issues and their respective impacts, and we will review the DOL's missing participant best practice guidance.

"Spiro was engaging and very knowledgeable – I enjoyed his presentation; he took a dry subject and made it lively and relevant."

Mike Lugo, Retirement Plan Consultant
Benefit Management Specialists

Join Us! The Long Arm of The Law - ERISA Litigation Update

Timothy G. Verrall is a shareholder in the Houston office of Ogletree Deakins where he advises a diverse range of clients on a wide variety of employee benefit plan issues arising under ERISA, the Internal Revenue Code, and related federal and state laws including employee benefit plan design and administration, executive and incentive compensation, controversies and litigation, plan investments and health care privacy. Tim is a past president of the Orange County Chapter of the Western Pension & Benefits Council and is a frequent speaker on employee benefits topics for industry organizations.

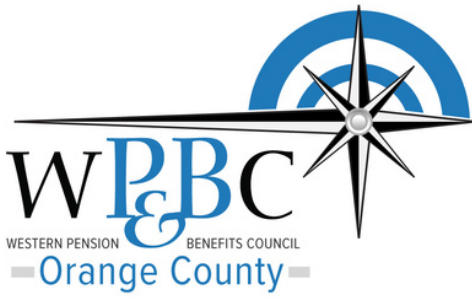


Join us at Andrei's! Meet Tim in person and stay for a hosted social hour.

Tuesday, May 16, 2023
3:00 pm – 6:00 pm

REGISTER

<https://wpbcorangecounty.org/event-5261617>



Join or Renew Today!

Individual Membership \$150

Attendees are offered an excellent opportunity to network, increase their learning and exposure to the latest legislation and education from respected industry leaders.

- Reduced fees to our many program offerings including monthly Breakfast/Afternoon Forums and seasonal Technical Lunches
- Access to WP&BC-OC membership directory
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- Recognition on a PowerPoint presentation at each OC chapter meeting and on the WP&BC-OC website
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- Your logo displayed on a banner on all WP&BC-OC emails
- Your logo posted on large posters at all meetings
- Your logo on a tabletop display at all meetings
- Your logo on screen at beginning of all meetings
- Your logo featured on the Orange County Chapter Newsletter
- Your logo featured on the WP&BC-OC website with a link back to your website
- Logo exposed to over 1,000 benefits professionals on every mass email sent out. These professionals include attorneys, CPAs, auditors, TPAs, Plan Sponsors and Financial Advisors.

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