



NEWSLETTER

President's Message:



Tom Drosky

Regional VP,
PenChecks Trust

Goodbye 2022 – Hello 2023

Another year has come and gone, and I'm looking forward to seeing where our industry takes us in 2023. The past year presented us with a lot of challenges, which is no surprise considering the regulatory changes that continually reshape how our businesses operate. The 2022 Form 5500 deadline was one of the most difficult in years. COVID concerns have declined, but we're not out of the woods yet. Thankfully things have gotten much better.

The work environment in many industries, including our own, has changed. Many offices haven't returned to full staffing, with some employing hybrid arrangements where some employees are working remotely and some in the office. Other offices have completely closed, and the entire staff works remotely. With so many people working from home one might think the Southern California traffic congestion would get better, but it has not.

One thing that hasn't changed are WP&BC's primary goals – keeping us informed of the changes in our industry and providing the educational support to keep us up to date on best practices for new and existing regulatory requirements. The Orange County Chapter achieved these goals with a superb lineup of excellent speakers:

- September - Brad Campbell from Faegre Drinker spoke on the "Washington D.C. Retirement Focus".
- October - Sherrie Boutwell of Boutwell Fay presented on "Nothing is Certain Except Death and Taxes".
- November – Taylor Pluss from Janus Henderson and Tali Vaughn from EGPS teamed up to keep us current on "Top D.C. Trends and Developments".

The excellent speakers scheduled for our winter and spring breakfast meetings will continue to meet our high standards. We will kick off the new year with Brian Graff, Esq., CEO of The American Retirement Association and one of the most notable individuals in our industry.

The January meeting will take place on the afternoon of Tuesday, Jan. 10th at Andrei's Restaurant, the same location as our breakfast meetings. Sign-in is at 2:30 and the presentation begins at 3:00.

In closing, I want to thank everyone for helping to make 2022 a successful year for the Orange County Chapter and wish you and your families a happy and prosperous New Year.

Best wishes for 2023,
Tom Drosky, PenChecks Trust,
Orange County Chapter President

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Tina Schackman,
CFA®, CFP®

**Sr. Retirement Plan
Consultant**

**Benefit Financial
Services Group**

Ask the Expert!

What are Collective Investment Trusts?

by Tina Schackman

Many retirement plan sponsors are adding collective investment trusts (“CITs”) to their retirement plans as a way to lower investment costs to participants. But many plan participants are not familiar with these investment vehicles, and while they are not new to the 401(k) landscape, they are becoming more prominent as more strategies are being offered by investment management firms. Below is a list of the most Frequently Asked Questions we’ve received from plan participants that will help explain what CITs are and how they are structured.

When was the first CIT created?

The first CIT was created in 1927. In the aftermath of the Stock Market Crash of 1929, these investment vehicles were restricted to banks only offering them to their trust clients or through employee benefit plans. In fact, CITs were predominantly only found in defined benefit plans for most of their existence.

As investment trading platforms became more sophisticated in the early 2000’s, CITs became listed on these platforms which increased their visibility. The Pension Protection Act of 2006 allowed CITs to be an acceptable default option in a retirement plan and since then, they have been the fastest growing investment vehicle in 401(k) plans.

Today, CITs are used in 75% of defined contribution plans and are typically in the form of stable value funds, and more recently, target date funds.

What are CITs?

Collective investment trusts (“CITs”), also known as collective trusts, commingled funds, or common trust funds, are institutional investment vehicles that can be offered in retirement plans - 401(k), 401(a), “Taft-Hartley”, and government 457(b) plans only.

CITs are a group of pooled accounts sponsored by a bank or trust company, unlike mutual funds, they are not registered with the Securities and Exchange Commission (SEC) and may not have a ticker symbol.

How are CITs similar to mutual funds?

CITs are daily valued pooled accounts that have a stated investment objective and investment strategy, including active and passive strategies ranging from fixed income to equities.

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What are Collective Investment Trusts?

Continued from page 2

How are CITs different from mutual funds?

Typically, a CIT is created to mirror the investment strategy of a publicly traded mutual fund but because they are only available to institutional investors, they have some advantages.

CITs generally keep lower cash balances than mutual funds because they are only available to institutional investors with longer investment horizons than retail clients, and cash flows in and out of the trust are more predictable. These factors can help reduce cash flow volatility and allow the portfolio to be managed more efficiently and be more fully invested than a mutual fund because they do not have to hold large cash positions to meet redemptions.

Are there cost advantages to CITs?

Fees and expenses of CITs are generally lower than their mutual fund counterpart because they are exempt from registration and filing requirements of the SEC, therefore, CITs can have lower oversight and administrative costs.

Additionally, larger retirement plans are often able to negotiate favorable fee structures based on their plan assets, unlike in a mutual fund which has a stated expense ratio.

Where can I get information about a CIT in my retirement plan?

In general, your retirement plan provider will provide a fact sheet with pertinent information about the CIT strategy on the retirement plan website, as well as the daily price and value of your account.

Can I invest in a CIT in my personal accounts?

No. CITs are only available to institutional investors, like a retirement plan.

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15th Annual Retirement Plan Essentials

Live Webinar

Wednesday, January 25, 2023

8:30 am – 2:30 pm PST



Don't miss this virtual event! Tina, along with other benefits experts will cover key concepts that will help you gain a better understanding of retirement plans. Formerly known as the ABC's of Retirement Plans, this event is designed for anyone who works in a specific area or discipline related to qualified retirement plans.

Click here to register:

<https://wpbcorangecounty.org/event-5084587>



Member Profile: John King

Years in the Industry: 37 years

First “real” job: Setting up payroll

Education: Degree in Business from Long Beach State University

Business Background

Nature of your work: Helping companies simplify payroll and retirement integration

How you got into the field: Just lucky I guess

What you like about the field: Helping business streamline payroll and reporting.

Why did you join the WP&BC? To meet people on the other side of the retirement integration

Personal

Ways you spend free time: Grandkids, boating on our Duffy, playing golf and wine tasting

Guiding philosophy: Always do what is best for your client

Favorite charity: Make a Wish Foundation

Restaurant recommendation: Selanne Steak Tavern in Laguna Beach

What will you do when you retire? Buy a motorhome and tour the US!



John King

Senior Counsel and
Human Capital
Management Consultant
Coastal Payroll





Sponsor: Mark Murphy

Describe what services your business provides. Marcum LLP is a national accounting and advisory services firm that provides tax, assurance and advisory services for small and middle market companies and high net worth individuals.

Why do you support WP&BC OC? I believe retirement plan education is critical to help pension professionals deliver quality services that maximize the benefits and create a positive experience for plan participants.

What changes have you seen in the retirement plan marketplace over the past 5-10 years? Primarily, consolidation in the various service sectors in the retirement plan industry.

What new directions do you see the industry taking? This is not necessarily new, however technology is going to continue to be a key factor in engaging and helping plan participants have confidence in their retirement plans.

What do you perceive as some of the biggest obstacles to plan sponsors or those servicing plans? Understanding who has the ultimate responsibility for administering and overseeing the retirement plan. Too many times we see the responsibility being deflected to a service provider. Plan sponsors can outsource but have the ultimate responsibility for overseeing the retirement plan's administration and operations.

What do you think we can do as an industry to help overcome those obstacles? Service providers need to work as a team in assisting plan sponsors achieve the ultimate goal of providing plan participants with the best retirement plan experience. Communication amongst the various service providers (i.e. recordkeepers, third-party administrators, investment consultants, auditors and legal counsel) is critical in achieving this goal.

What is your favorite restaurant in Orange County? Luciano's in Dana Point

If you had a day off, what would you like to be doing?

That's easy, playing golf with my 2 sons.



Mark Murphy, CPA

Office Managing Partner
Marcum LLP

Join Mark, along with 3
other experts on
Wednesday, January 25th
for our 15th Annual
Retirement Plan
Essentials, a live virtual
event!

<https://wpbcorangecounty.org/event-5084587>



2023

The Board of WP&BC-OC wishes you a Happy New Year! We hope your 2023 resolutions bring you joy and prosperity. We thought we'd share some of ours with you.

To stop being a fair weathered Angel fan and begin to support them good or bad, even though it is painful! *Mark Murphy*

**Be more patient.
Prioritize. Have a healthy
work-life balance.
*Aksana Munoz***

**Live life to the fullest.
*Samantha Graboff***

**To be more mindful of the
wonderful people, experiences,
and little moments of happiness
in my life. That, and drink more
good wine! *Kathleen Bass***

**Golf More!
*Tom Drosky***

**Maximize 401(k)
Contributions and
Minimize Stress.
*Andy Hermann***

**To get my Enrolled
Actuary License.
*Michael Flatebo***

**To have a positive
attitude about
challenging
situations.
*Kris Krikorian***

Upcoming Events



Washington Update and Social Hour with Brian Graff

Tuesday, January 10, 2023

3:00 pm – 6:00 pm

Andrei's in Irvine, CA

Brian Graff, CEO of the American Retirement Association, joins us from Washington, D.C. to provide insight on the latest legislative and regulatory updates. Topics will include:

- SECURE 2.0 - Brian will discuss the latest status of retirement legislation and changes for which plans, and providers should prepare.
- ESG Regulation – Brian will go over the final rules for environmental, social, and governance (ESG) factors in plan investment decisions.

January 10, 2023

Washington Update

Brian Graff

January 25, 2023

15th Annual Retirement Plan Essentials

Hitz Burton, Phuong Jennings, Mark Murphy, Tina Schackman

February 16, 2023

Stable Value Funds & ESG Funds

Kevin Calabro & Christopher Donnager

March 16, 2023

TBD

Rick Unser

April 20, 2023

Litigation Update

Tim Verrall



Breakfast Forum - October 20, 2022

Margaret Martinazzi, Sherrie Boutwell
& Tom Drosky



Breakfast Forum – November 17, 2022

Tali Vaughn, Kathleen Bass, & Alison Fay



15th Annual Retirement Plan Essentials

Topics Include

- Law Basics
- Types of plans
- ERISA
- Plan administration
- Fiduciary responsibilities
- Plan design and requirements
- Employer obligations & concerns
- Auditing a qualified plan

Our Instructors

Hitz Burton, JD, Partner, AON

Phuong Jennings, QKA, Regional
Vice President, EGPS, Inc.

Mark Murphy, CPA, Managing
Partner, Marcum LLP.

Tina Schackman, CFA, CFP,
Principal, Benefit Financial
Services Group (BFSG)

**Live Webinar
Wednesday
January 25th
8:30 am - 2:30 pm**

*\$125 for WP&BC members
\$150 for non-members*

Continuing Education
6 credit hours ASPPA,
CPA (CA), ERPA, MCLE, NIPA

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<https://wpbcorangecounty.org/event-5084587>



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