

Are you busy?

Compliance

Insurance

Finance

Human
Resources

403b plan

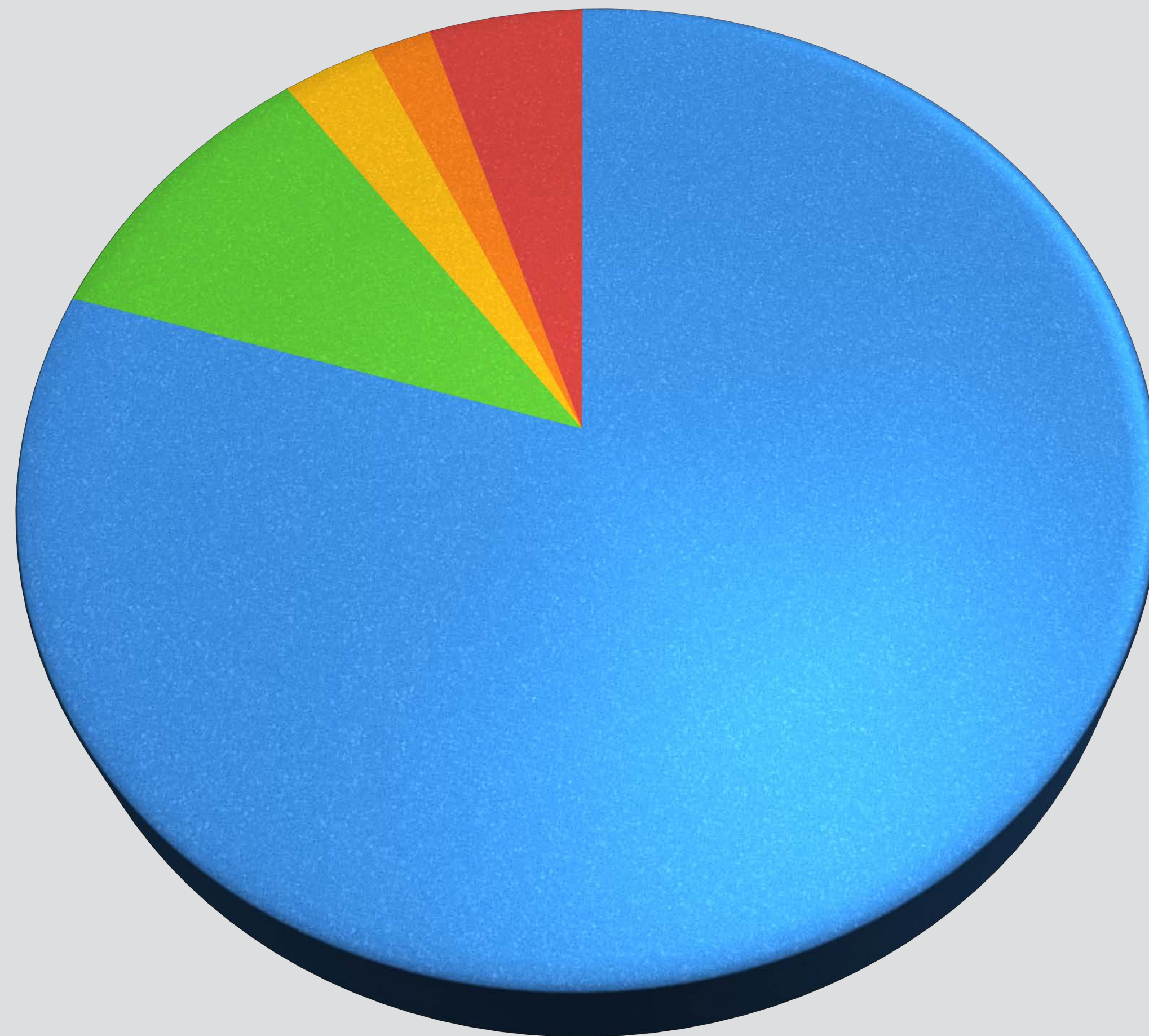
Forecasting

Budget

Salaries

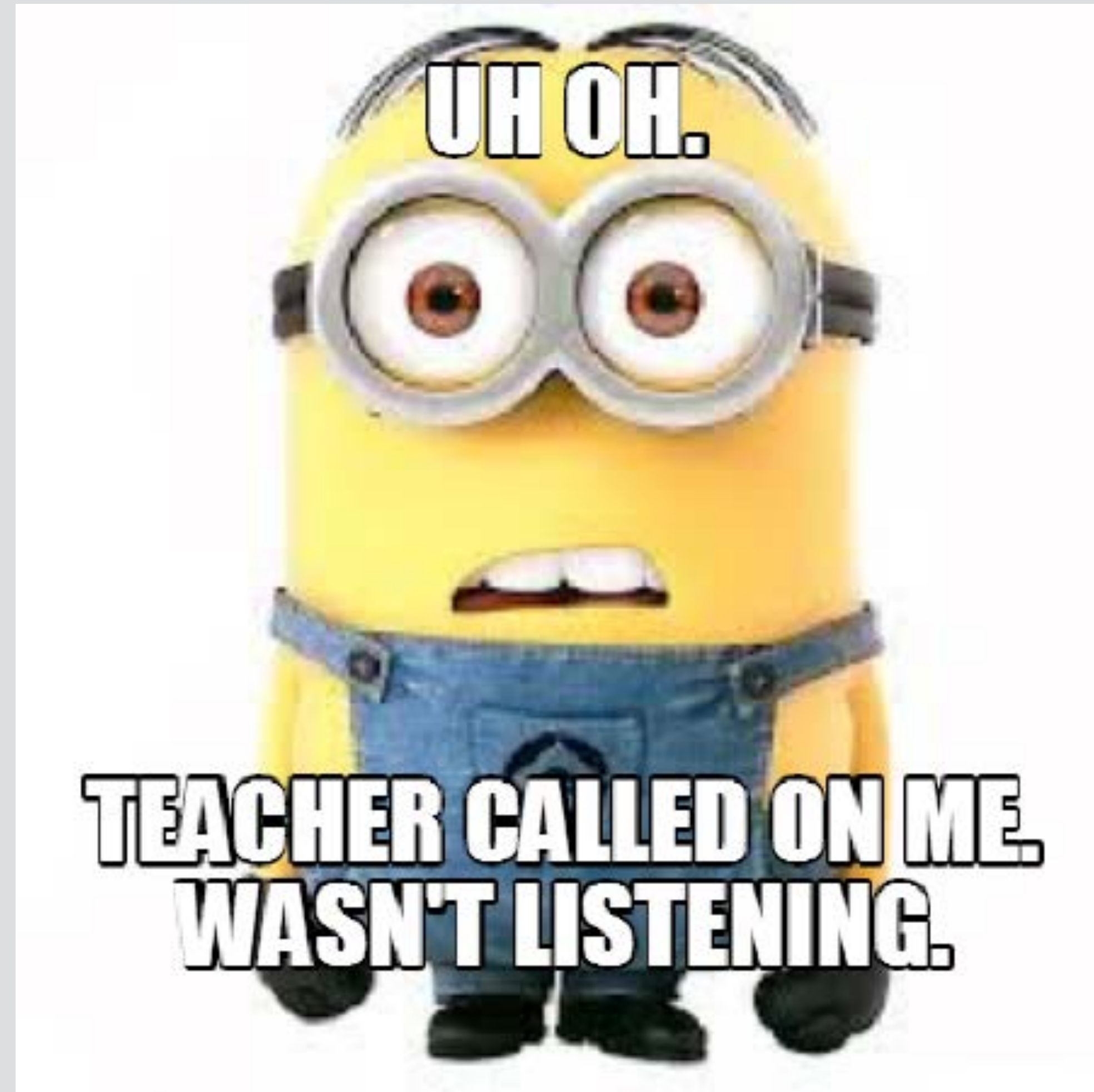
Benefits

Technology



- **Comp and Benefits**
- **Transportation**
- **Books**
- **Sports**
- **Misc**

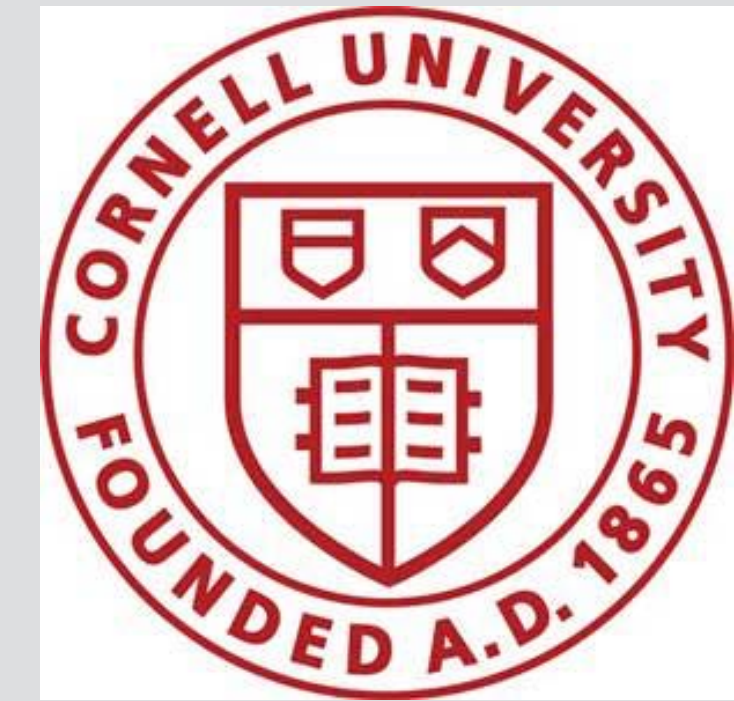
The Quit and Stay Problem!



- **ERISA - 1974**
- **IRS Field Bulletin 2007-02 (403b regs) - 2009**
- **Department of Labor Fiduciary Rule - 2016**

LEGISLATION PROGRESSION





403(B) COMPLAINTS

- Excessive record keeping fees
- Employing Multiple Record keepers
- Too Many Investment Options
- Maintaining “Retail Class” of investment products
- Variable Annuity Products

WHAT JUST HAPPENED?



Are you preparing participants for success?

- Are employee's saving enough?
- Are participant's properly diversified?
- Are quality investment's available?
- Are they paying reasonable fees?



Employee Survey Results

- Do you feel you have the expertise to evaluate the investments in your plan?
- Do you feel you understand the fees being charged?
- Do you feel you can properly evaluate the different vendors made available?

89% say No

90% say No

84% say No

WHAT WE KNOW

Employees need and WANT more help

The government wants what's best for employees

What are the unintended consequences?

Most 403b plans are "operated" to comply with the laws but aren't designed to help participant outcomes.

(Suitability vs Best Interest)

SUCCESS STORY - BENTONVILLE SCHOOL SYSTEM

	<u>Before</u>	<u>After</u>
• Average Participant Expense	2.5%	1.25%
• Participant rate	7%	80%
• Surrender Charges	Yes	None
• Education Process	None	District Promoted

The key takeaway: Take steps to improve your plan!

- 1) Put the employee First
- 2) Focus on participant outcomes
- 3) Understand the costs and seek to improve them
- 4) Make the plan LESS complicated
- 5) Take it off the back burner!



How can we help you?

- 1) Vendor due diligence and oversight
- 2) Plan design, compliance and administration services
- 3) Participant education strategies
- 4) Investment analysis and monitoring
- 5) Fee benchmarking



AHCA vs PPACA

SASBO Conference 2017



PPACA VS. AHCA

- Reconciliation (51 vs 60 votes)
- No repeal, no replace...for now
- ACA Reporting
 - AHCA rules limit Congress ability to repeal reporting
 - Prepare for 2017



FLSA: What You Need To Know and Be Prepared To Do

SASBO Conference 2017



The FLSA rule's implementation and enforcement are on hold



- **Temporary ruling, Judge Mazzant (TX)**
- **On 2/22/17 60 day extension to 5/1/17**

UNDER THE BLOCKED RULE:



Exempt Salary Threshold

Current	\$23,660
Proposed	\$47,476

HCEs Salary Threshold

Current	\$100,000
Proposed	\$134,004

IN ORDER TO QUALIFY FOR EXEMPTION, EMPLOYEES MUST MEET “ALL” 3 TESTS

Salary Level Test

Minimum salary threshold to
qualify for exemption
(current annual threshold
is \$23,660)

Salary Basis Test

Predetermined and fixed
wages

Duties Test

Based on actual job duties
Must match the duties defined
by law

CATEGORIES OF EXEMPT JOB DUTIES

Executive

Professional

Administrative

Outside Sales

**Computer
Related
Occupations**

**Highly
Compensated**

CATEGORIES OF EXEMPT JOB DUTIES

Executive

Executive Director
Program Director
Superintendent
Director of Operations

ALL of the following must be met:

- Regularly supervises two or more other employees
- Has management as the primary duty of the position
- Has some genuine input into the job status of other employees (such as hiring, firing, promotions, or assignments)

CATEGORIES OF EXEMPT JOB DUTIES

Professional

Teachers

- **Learned Professional** - advanced knowledge must be in a field of science or learning
- **Creative Professional** - jobs whose work require invention, imagination, originality or talent in recognized field of artistic or creative endeavor

CATEGORIES OF EXEMPT JOB DUTIES

Administrative

Human Resources
Accounting

ALL of the following:

- **The employee's primary duty must be the performance of office or non-manual work**
- **Directly related to the management or general business operations of the employer or the employer's customers**
- **Exercise of discretion and independent judgment with respect to matters of significance**

BEST PRACTICES

Compliance

- Review Compensation
- Review Job Duties and Job Descriptions
- Ensure positions are properly assigned (exempt or non-exempt)

Operations

- Supervisor/Manager training
- Communication with employees
- Tracking hours

Financial

- District resources to pay overtime (i.e. previously exempt employees and newly classified employees)

WHAT DOES THE FUTURE HOLD?

The government is supposed to revisit the proposed new legislation from December, 2016 on May 1, 2017



ARISTA: Our Best for Yours