

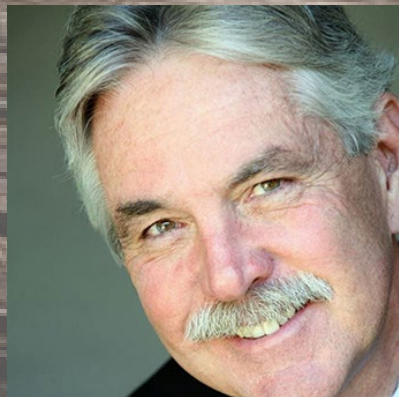
The background of the slide features a close-up of the American flag, showing the stars and stripes, waving over a rustic wooden surface. The flag is positioned in the upper half of the image, with the stars and stripes clearly visible. The wooden surface is in the lower half, showing natural wood grain and knots.

America Is Going Back to Work

“Money Matters”

Financial Advice from the Experts in a COVID-19 World

Expert Panel



Don McMahan

Fractional VP of Sales



Stephen Dobrow

Retirement Specialist



Matt Schlegel

Expense Management
Consultant



Alex Rayter

IT Consultant

Today's Topics



1

Sales Management

Getting your money's worth from your sales compensation plans

2

Expense Management

Cutting unnecessary expenses without sacrificing services

3

Information Technology

How to secure your salespeople and their productivity, all while keeping money coming in

4

Retirement Planning

How to get money into and out of retirement plans in the days of COVID-19

5

Q & A

Your hard questions answered by the experts

The background of the slide features a close-up of the American flag, showing the stars and stripes, waving over a rustic wooden plank surface. A solid red rectangular box is centered on the image, containing the text "A Quick Poll...".

A Quick Poll...

1 Sales Management

Getting your money's worth from
your sales compensation plans





“A Goal Is a Dream With a Deadline”

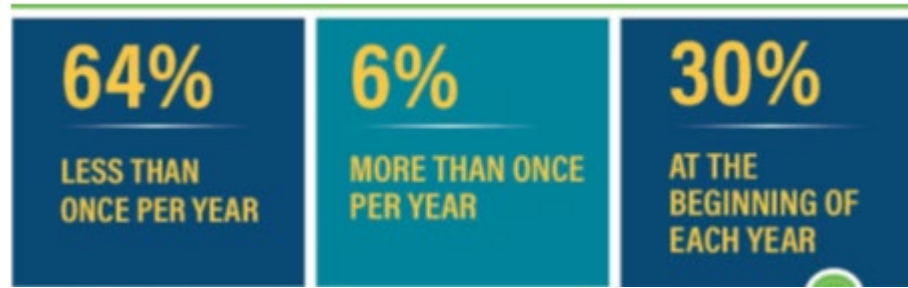
—Napoleon Hill

If You Are Not Sure You Are Getting Your Money's Worth From Your Sales Team Comp

- **It May Be Due to These Common Problems Found in Many Companies**
- **A Quota** is a dream with a deadline and yet...
- **6 out of 10** companies do not have individual quotas
- **9 of 10** companies do not have a comp plan that incents the behavior the company is seeking (from Sales Xceleration study of more than 200 small to mid-size sales organizations)
- You have more turnover than you want



How Often Do You Change Your Sales Rep Comp Plans?



30% of you are doing this right. Reviewing your compensation plans annually is a key part of driving desired behaviors. (Sales Xceleration Study, 2019)

More Common Problems Found in Many Companies

- **Top 6 Cost Factors of a poorly designed comp plan that are often overlooked:**
 - Cost of Administrative Resources
 - Cost of Information Technology Resources
 - Cost of Overpayments and Errors
 - Cost and Lost Revenue Due to Sales Force Turnover
 - Lower Revenue Resulting from Less Selling Time
 - Lower Revenue and Margins Because of Undesirable Behaviors and Poor Motivation

(from Optimize study on over 100 large sales organizations)



Five Keys to A Successful Sales Comp Plan

- 1) Make the plan a win-win for both the company and the individual
- 2) Incentivize the behavior you want to see
- 3) Make it easy to understand/easy to administer
- 4) Strike the appropriate balance between salary and variable compensation
- 5) Reward top performers



Make the Plan a Win-Win

Both parties should win and lose together

- Tie variable compensation to at least two of these essential elements:
 - Individual performance
 - Departmental performance
 - Company performance
- Determine how much of an impact they can make
- Imagine an atmosphere where each member of the team is concerned about the overall goal!



Incentivize the Behavior You Want to See

Where is the real source of the problem?

- Predictable behavior
 - Time is spent on the activity, products and accounts that make individuals the most money
 - Find a way for your plan to be exploited
 - Align your compensation plan to your company goals



Make It Easy to Understand

Easy to implement and follow:

- The plan must be clear and fair-(% of team success)
- Avoid trying to use the plan to manage every hour of a sales' reps day (9 page plans and more)
- Calculating commissions/bonuses-should not require a CPA

Focus on big picture performance results:

- Did overall performance go up or down?
- Did client retention remain high?
- Is productivity increasing or decreasing?



Strike the Right Balance Between Salary and Commission

There is balancing act of delivering a plan that either makes the team too comfortable, properly motivated, or downright discouraged, and of course, the comp plan and the goal (quota) need to be market competitive

Key components

- Annual growth needed
- Expected annual percentage of client retention
- Introduction of new products and focus on new verticals
- New business vs. client retention
- New vs. existing products/verticals
- When should commissions or bonuses kick in?
- Avoid rewarding low levels of performance



Reward Top Performers

*Pay well at 100% of expectations
and very well beyond expectations*

Why??



- They did what you asked them to do.
They will continue pushing.
- Less turnover (especially the best reps)
Recruiting becomes much easier.



2

Expense Management

—

Cutting unnecessary expenses
without sacrificing services

An American flag is draped over a rustic wooden surface. The flag's stars and stripes are visible, with the blue field of stars on the left and the red and white stripes extending to the right. The wood grain is prominent and runs horizontally.

“What Gets Measured Gets Improved”

—Peter Drucker

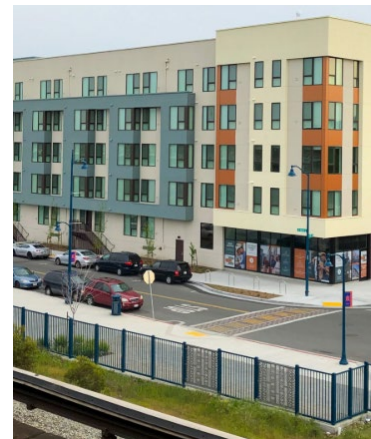
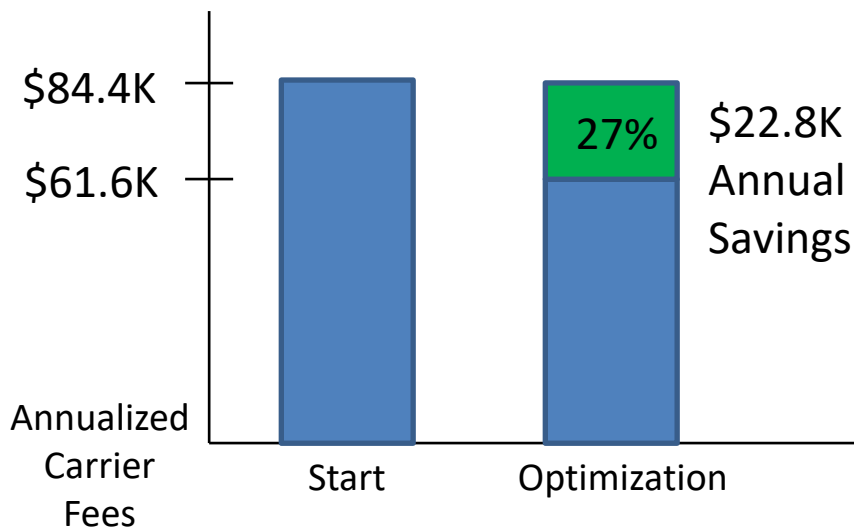
Cost Reduction

Cell Phones
Small Parcel
Merchant Processing



Case Study:

Cell Phones Building Construction



Mobile Service Optimization

1. Regroup phones
2. Apply discount codes
3. Cancel unneeded services
4. Cancel unused lines

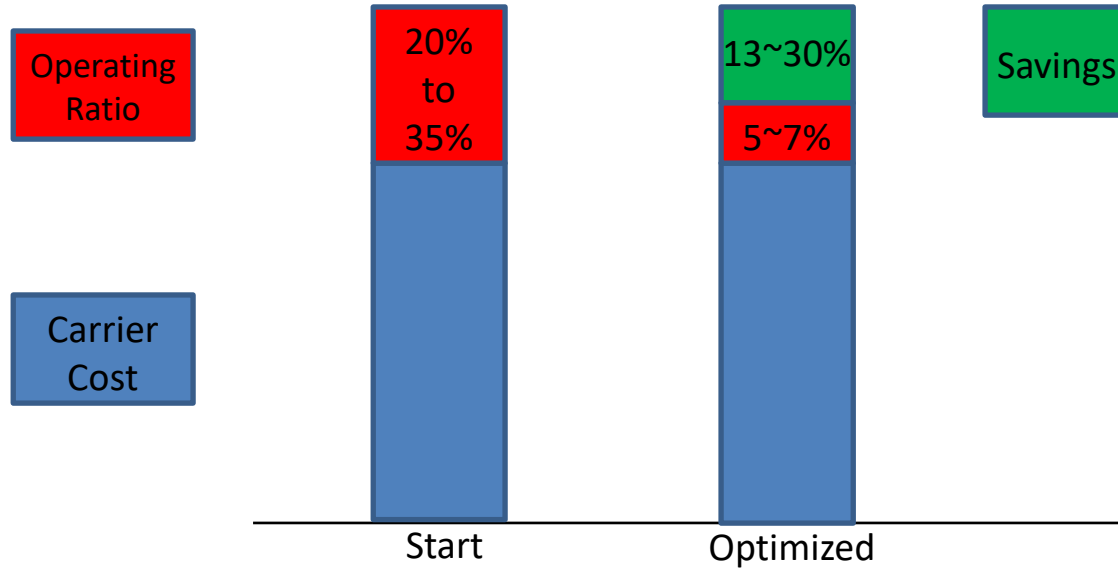


Shipping Cost Reduction



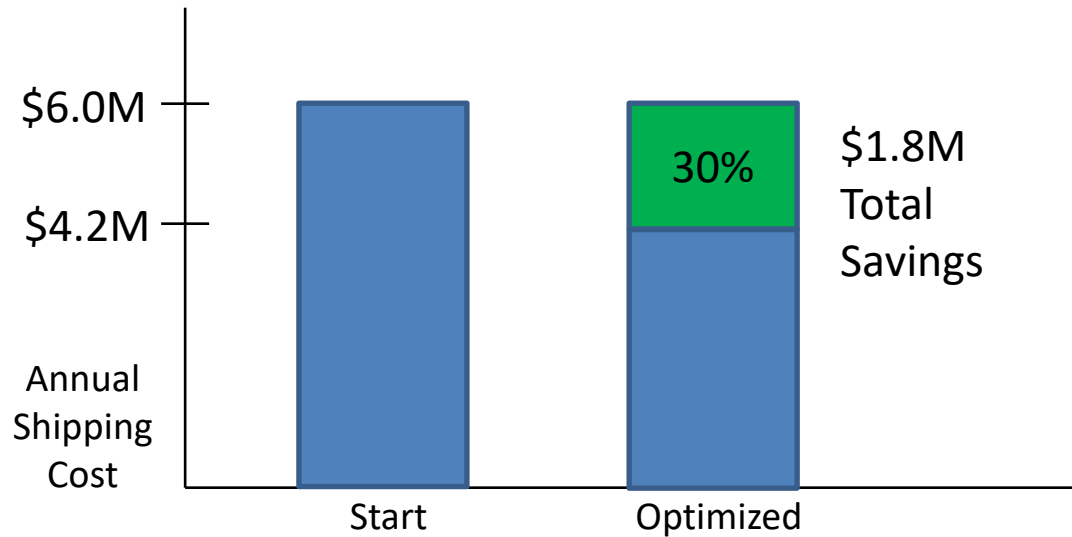
Small Parcel Shipping

Typical Cost Structure and Savings



Case Study:

Shipping Bedding, Pillows, Slippers

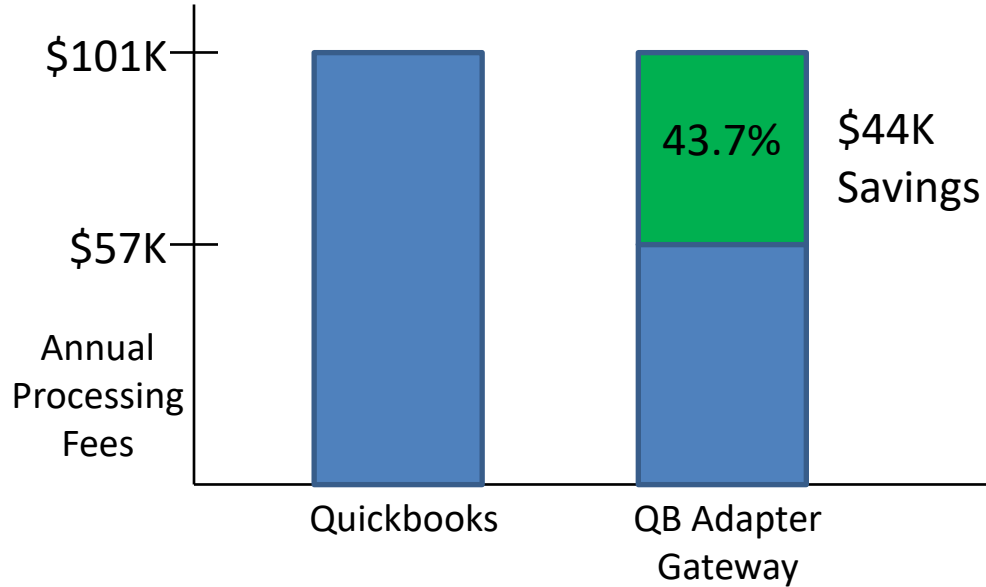


Merchant Processing

INTERCHANGE	01/31/16	MC-BUS LEVEL 1 UTILITIES	-5.00
INTERCHANGE	01/31/16	MC-REG INCENT FRF ADJ POS (DB)	-1.26
INTERCHANGE	01/31/16	MC-REGULATED FRD ADJ COMM (DB)	-1.53
INTERCHANGE	01/31/16	MC-REG NON INCENT FRD ADJ (DB)	-0.46
INTERCHANGE	01/31/16	MC-COMM DATA RATE II BUS (DB)	-1.40
INTERCHANGE	01/31/16	MC-DOMESTIC STANDARD	-22.70
INTERCHANGE	01/31/16	MC-UTILITY CREDIT	-0.65
INTERCHANGE	01/31/16	MC-WORLD UTILITY	-0.65
INTERCHANGE	01/31/16	MC-WORLD ELITE UTILITIES	-12.75
INTERCHANGE	01/31/16	MC-WORLDCARD STANDARD	-26.91
INTERCHANGE	01/31/16	MC-COMML STANDARD BUS	-11.54
INTERCHANGE	01/31/16	MC-CORP STANDARD (US) PUR	-0.81
INTERCHANGE	01/31/16	MC-CORP DATA RATE I (US) PUR	-102.17
INTERCHANGE	01/31/16	MC-BUS LEVEL 2 DATA RATE I	-7.21
INTERCHANGE	01/31/16	MC-CORP DATA RATE I (US) BUS	-3.16
INTERCHANGE	01/31/16	MC-COMML UTILITIES BUS	-10.50
INTERCHANGE	01/31/16	MC-WORLD ELITE STANDARD	-25.26
INTERCHANGE	01/31/16	MC-ENHANCED STANDARD	-7.61
INTERCHANGE	01/31/16	MC-ENHANCED UTILITIES	-6.50
INTERCHANGE	01/31/16	MC-DOMESTIC STANDARD (DB)	-1.49
TOTAL INTERCHANGE			-1796.70
SERVICE	01/31/16	TRANSARMOR SOLUTION - MONTHLY	-19.95
SERVICE	01/31/16	MASTERCARD SALES DISCOUNT .008900 DISC RATE TIMES \$16,808.61	-149.60
SERVICE	01/31/16	VISA SALES DISCOUNT .008900 DISC RATE TIMES \$96,229.39	-856.44
SERVICE	01/31/16	MC LICENSE VOLUME FEE .000071 DISC RATE TIMES \$16,808.61	-1.19
TOTAL SERVICE			-1027.18
GRAND TOTAL			-2,903.16

Case Study:

Merchant Fees



Merchant Processing Optimization

1. Interchange Rate Optimization
2. Minimize Bank/Broke Commissions
3. Minimize Fees
4. Minimize Downgrades



Contact

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With sudden, urgent shift to work from home that began in March and the current likelihood that many will continue to work remotely, instead of just on-premise support, now your IT team is also supporting dozens, hundreds, or even thousands of home offices, each with its own quirks, unique configurations, and unknown hardware.

3 IT



How to secure your salespeople and
their productivity, all while keeping
money coming in
(instead of out the cyber backdoor)

8-Point System

Security & Productivity

1. Mobile Connectivity – maximize productivity
2. VPN – Privacy and encryption are mandated by law
3. Email security and Productivity – the keys to the kingdom
4. Endpoint protection – i.e. “next-gen antivirus” or a lost week & \$100k+ loss



8-Point System

Security & Productivity

1. Device Encryption & Management – Data loss is costly all around
2. Home ISP & Network Protection – Maximize productivity and security
3. Conferencing & Voice – unified communications
4. Security Awareness Training – Saves \$ and builds culture (of awareness)



Questions?



Alex Rayter

Founding Principal, Phoenix 2.0

alex@p20inc.com



A hand in a business suit points upwards towards the word 'BENEFITS'. The background is a blue-toned image of a hand pointing at a grid of hexagonal icons. The icons include a large '@' symbol, a circular arrow, a magnifying glass, a gear, and silhouettes of people. The word 'BENEFITS' is written in large, bold, white capital letters with a blue gradient and a slight shadow effect.

BENEFITS

4

Retirement Planning

How to get money into and out of
retirement plans in the days of
COVID-19

The Primark Benefits Difference

- Pension Consulting
- Third Party Administration
- Actuarial Services
- Daily Valuation Recordkeeping
- Fiduciary Outsourcing

We also have the reputation for fixing “Plans in Trouble”



The Primark Benefits Difference

- Established in 1971
- 700 plus client Plans
- 30 Employees
- Depth of Staffing
- Credentialed (ASPPA, NIPA) Administrators
- Commitment to Personalized Client Service
- More than an 800 number
- Experience and Technical Proficiency
- Rigorous Quality Control
- Client Satisfaction



Stephen L. Dobrow

- President and owner of Primark Benefits since 1990
- IRS License: Enrolled Retirement Plan Agent
- Industry Designations Obtained
 - ✓ Accredited Pension Administrator
 - ✓ Qualified 401(k) Administrator
 - ✓ Qualified Pension Administrator
 - ✓ Qualified Plan Financial Consultant
 - ✓ Tax Exempt and Government Plans Consultant
 - ✓ Certified Pension Consultant
 - ✓ Accredited Fiduciary Administrator

Stephen L. Dobrow

- Past President, American Society of Pension Professionals and Actuaries
- Former Special Director, American Academy of Actuaries
- Testified before Congress; two pension laws changed
- Part of lobbying team for the Pension Industry
- Deep relationship with IRS and DOL officials
- A pension administrator is equal parts ERISA counsel, labor law advisor, tax advisor, bookkeeper, accountant, HR consultant, compensation expert, investment advisor, payroll expert, teacher, communicator, mathematician, and computer expert. We also do retirement planning.

Qualified Plan Limits

	2018	2019	2020
Elective Deferrals - SIMPLE	\$12,500	<u>\$13,000</u>	<u>\$13,500</u>
Catch-Up – SIMPLE	\$3,000	\$3,000	\$3,000
Elective Deferrals – 401(k)	<u>\$18,500</u>	<u>\$19,000</u>	<u>\$19,500</u>
Catch-Up – 401(k)	\$6,000	<u>\$6,000</u>	<u>\$6,500</u>
DB plan Annual Benefit limit	\$220,000	<u>\$225,000</u>	<u>\$230,000</u>
DC plan Annual Additions limit	\$55,000	<u>\$56,000</u>	<u>\$57,000</u>
Compensation limit	\$275,000	<u>\$280,000</u>	<u>\$285,000</u>
Highly Compensated Lookback year compensation	\$120,000	<u>\$125,000</u>	<u>\$130,000</u>
IRA	\$5,500	\$6,000	\$6,000
IRA Catch-Up	\$1,000	\$1,000	\$1,000

Tools of the Trade

IRA-based Plans

- SEPs
- SIMPLEs
- Individual traditional IRA or ROTH IRA

Defined Contribution Plans

- Profit Sharing Plans with 401(k)
- ESOPs

Defined Benefit Plans

- Multiemployer Plans
- Traditional Pension
- Cash Balance Plans



How Important Are 401k Plans to a Secure Retirement?

The single most important factor in determining if a worker is saving for retirement is whether or not there is a plan at work.



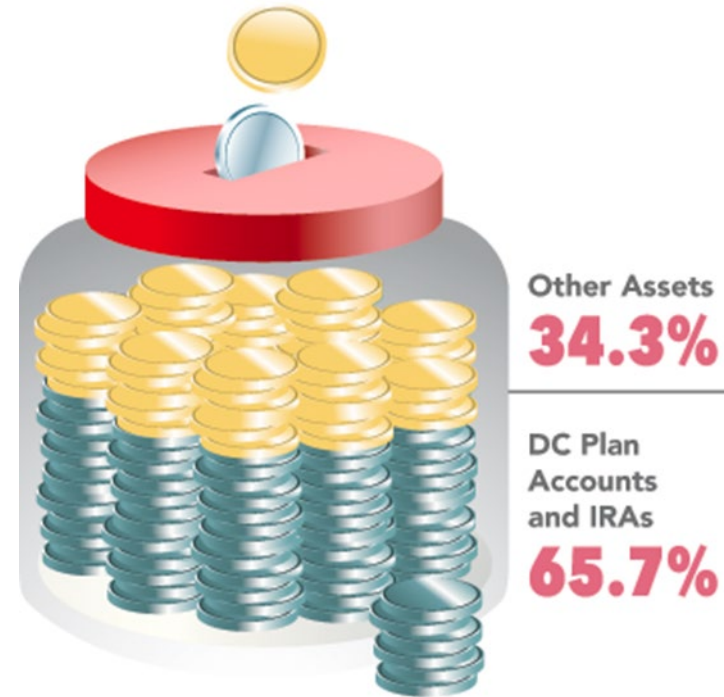
Participation Rates by Moderate Income (\$30,000–\$50,000) Workers

IRA only vs. Employer Plan



How Important Are 401k Plans to a Secure Retirement?

An Employee Benefit Research Institute analysis of the 2010 Survey of Consumer Finances shows that **for families with a retirement savings account, almost two thirds of the families total financial assets are in these accounts.**



Issues to Discuss

- Lack of Panic
- Coronavirus-related distribution and loan offerings
- Waiver of minimum required distributions for 2020
- DB plan funding and safe harbor 401(k) plan relief
- Paycheck Protection Program
- Important deadlines and extensions



Surprising Restraint and Lack of Panic



- There has been no “run on the bank”
- Stock market downturn short
- Expanded loan programs offered by 47% of employers
- No real increase in number of loans requested
- Coronavirus distributions offered by 70% of employers
- Only 1.9% of participants withdrew assets, averaging \$20K per person



New Coronavirus Loans and Distributions

Qualified Individuals Can Obtain Funds

- Pretty easy List of circumstances to be eligible
- Expanded to include household members
- Self-certification by participant

Coronavirus Loans - \$100,000

- Up to \$100K or 100% of your balance if Plan allows
- You must pay yourself back, starting next year
- You can re-amortize existing loans
- Existing loan payments may be deferred



New Coronavirus Loans and Distributions

Coronavirus Distributions - \$100,000

- Up to \$100K may be withdrawn if Plan allows
- California is a disaster area; hardship distributions generally allowed
- Taxation is over a 3 year period, and Federal penalties waived
- Money may be paid back without taxes if desired by the end of the 3 years



Required Minimum Distributions

- Complicated subject and fact-specific
- Frequent law changes get confusing
- Recent changes: SECURE and CARES acts
- Defined Benefit Plans – no change
- Defined Contribution Plans and IRAs:
 - 2020 RMDs mostly not required
 - The 60-day rollover period for any RMDs already taken this year has been extended to Aug. 31 if you don't want the money
 - One rollover per year is allowed
 - Retirement Plan sponsors must amend Plans to account for these changes



Plan Funding Issues: DBs

- 2019 Defined Benefit Contribution Deadline extended to 12/31/20
- No relief on amount of funding
- Money contributed after the normal deadline is deductible in 2020, not in 2019: Tax problem
- Funded Status of plans dropped precipitously
- We are allowed to ignore the current interest rates this year so that lack of funding is ignored



Plan Funding Issues: DBs

- This is a political answer to a financial problem
- Using Coronavirus loans and distributions allow owners of small firms to pull money out, give back to the Company, and make part or all of the DB contribution



Plan Funding Issues: DCs

- Ability to stop Safe Harbor contributions during the year is a lot easier now
- Extended Notice period
- Safe Harbor Plan funding Relief Pending in Congress
- We have been begging our legislators for this relief, and it might appear in the next COVID bill



Payroll Protection Program Loans



PPP Loan Amount

2.5 months expenses
Includes all payroll costs
Retirement is payroll cost
Limits for owners



Forgiveness

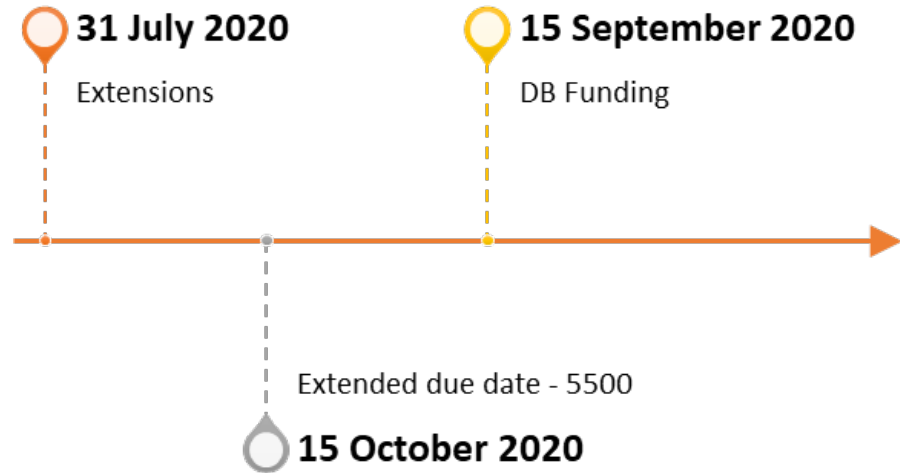
Extended spending
deadline
Lots of opinions



The PPP is taxable

Congressional intent
IRS overrides Congress
Vow by Congress to fix

Employer Required Compliance Deadline Form 5500 Deadline Is Not Extended



No Plan but Employ 100 People?

- There is a retirement crisis
- CalSavers to the rescue if you don't have another Plan
- Incentive to do something other than CalSavers
- Registration deadline extended to Sept. 30 for employers with 100 employees



Call Me!



Is your current provider an 800 number to nowhere?

Install the right plan design for your employer!

Stephen L. Dobrow, ERPA, APA, CPC

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Reach Out for More Help



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