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# RETIREMENT PLAN UPDATE

Quarter 2, 2010

## Heads Up!

### Did you know?

We are a Weatherhead 100 winner. The Weatherhead 100 award showcases the fastest growing companies in Northeast Ohio and shows a testament to hard work, commitment, innovation and the dream to succeed.

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There are several developments in the retirement plan world that we'd like to inform you about.

### IRS Questionnaire Project

The Internal Revenue Service (IRS) recently sent letters to 1,200 randomly selected 401(k) plan sponsors as part of a comprehensive compliance project. The letter includes instructions to access a 46 page online Questionnaire that

covers information for the plan years from 2006 to 2008. The questions focus on demographics, participation, contributions, testing, distributions, and general plan administration. It is anticipated that plan sponsors will need the assistance of their TPA or service providers in order to answer the questions as they are complex and technical. Plan sponsors will have 90 days to comply. The IRS will use the answers from the survey for enforcement purposes (i.e.. plan audits) as well as future educa-

tional guidance and outreach for plan sponsors. Please give us a call if you receive any letters from the IRS relating to your plan. That's why we are here!

### 401(k) Exchange



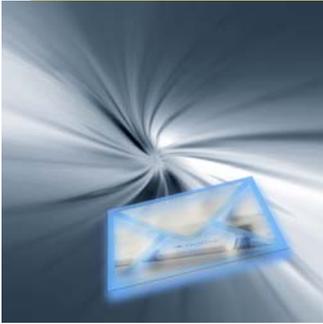
There is a company called 401(k) Exchange that has been targeting our clients. They represent that they are calling on our behalf for a review of your plan. They also

misrepresent that they've been out to see you in the past couple of years. 401(k) Exchange provides leads to prospective advisors and TPAs for a fee. Service providers pay 401(k) Exchange for every meeting ("lead") that 401(k) Exchange provides. We have no affiliation with 401(k) Exchange and are disappointed that they are preying on our plan sponsors. If you should receive a call from them or another vendor claiming to be calling on our behalf, please disregard and call us with any questions.



## Electronic Delivery Rules

We are often asked “Can’t we just e-mail this notice instead of passing it out or mailing it?” and the answer is—“it depends.” Retirement plans are subject to two different government agencies—the Internal Revenue Service (IRS) and the Department of Labor (DOL) and, surprisingly, the requirements for each are similar although they cover different paperwork.



The IRS rules cover items such as distribution paperwork, loan paperwork, safe harbor notices and notices to interested parties. Alternately, the DOL rules govern Summary Plan Descriptions (SPD), Summary of Material Modifications (SMM), Summary Annual Reports (SAR), and participant statements.

The IRS rules state that if the participant is “effectively able to access the electronic medium used to provide the notice” that no consent is required. The DOL states that use of the computer must be “integral part” of their job duties. So, if your participants have to use computers to work, it would be reasonable

to communicate electronically. If they do not have regular computer access at work, they must affirmatively consent to the notice being provided electronically, which is a cumbersome process. The DOL indicates that the electronic system must be able to determine that the messages were received through return receipt notices, undeliverable e-mail features or periodic surveys.

In either case, providing a common area computer, such as a kiosk, would not satisfy the rules. Posting the document on the company's intranet and sending an e-mail directing the participant to the intranet to view the document is acceptable. In all case, paper copies must be provided on request. Call us if you are interested in learning more about providing your notices electronically.

## Form 5500 Update

Don't want to deal with electronic filing? Now you don't have to! The Department of Labor (DOL) has recently granted relief for the Form 5500 electronic filing requirements.

Before this relief, the DOL insisted that each Form 5500 signer obtain electronic filing credentials through the DOL website. These credentials could not be shared with anyone and were needed in order to electronically sign the Form 5500. The DOL made no exceptions for any filer (except Form 5500 EZ filers) regardless of their access to the internet. Now, the DOL indicates that plan sponsors may simply sign a waiver and the

paper copy of the Form 5500 and we can file it with the DOL on the sponsor's behalf. The downside is that the signed copy of the form is available on the website moments after it is filed. Some plan sponsors are wary about having their signatures available on the web.



We will continue to send out information on how to electronically file since the majority of our clients seem to like it. But if the waiver is a better alternative for you, just call us and we'll handle it!



# Client Survey Results

Here's how we rated:

Timeliness	92% were "Satisfied" or "Very Satisfied"
Responsiveness	96% were "Satisfied" or "Very Satisfied"
Quality	95% were "Satisfied" or "Very Satisfied"
Professionalism	94% were "Satisfied" or "Very Satisfied"
Knowledge	97% were "Satisfied" or "Very Satisfied"
Overall Satisfaction	97% were "Satisfied" or "Very Satisfied"

And the best news—all who commented would recommend us to someone else. Thank you!!!



**Our first *electronic* survey results are in and the responses were wonderful! Thank you for taking the time to answer our questions. We are always looking for ways to improve!**

## Beneficiary Forms

A beneficiary form tells the plan how to allocate a participant's account balance upon their death. Since the assets in a retirement plan are held by a custodian, the death benefit will be paid out according to the beneficiary form. The retirement assets are not considered part of your estate and are not generally governed by your will.

Hopefully, you have every participant complete a beneficiary form when they first become a plan participant. But do you ever request that updates be made? It's not a requirement, but it can help to ensure that your participants' retirement proceeds pass to their intended beneficiaries.

In the case of divorce, remarriage, new children or other life changes, an updated beneficiary form is very crucial. Many cases have gone to court where a participant has not updated his beneficiary form after a divorce. The participant dies, the ex-wife is still listed as the designated beneficiary, and the ex-spouse received the death benefit, all because a form was not updated. This happens even when the participant's divorce papers indicate the ex-spouse should receive nothing.

Our suggestion? Give all plan participants a reminder to update their beneficiary forms annually or every few years. Then you can rest assured that their wishes are up to date.



**Quarter 2, 2010**

celebrating  
**20** years



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**Mail To:**

## Mark Your Calendar

Stay on top of your retirement plan's mandatory deadlines! Here are some important dates in the upcoming months. (Please note that filing dates are for calendar year plans. Non-calendar year plans must adjust these dates.)

**June 30:** Deadline for returning corrective distributions for ADP/ACP test failures for Eligible Automatic Contribution Arrangement (EACA) plans.

**August 2:** Deadline for annual Form 5500 filing (without extension) or deadline to request an extension for the Form 5500 filing.

**September 15:** Extended deadline for filing corporate/partnership tax returns (and contribution deadline for deductibility).



**September 30:** Summary Annual Report due for plans that did not extend their Form 5500 filing.

**October 15:** Extended deadline for filing Plan's annual Form 5500 filing.

**December 2:** Deadline for 2011 safe harbor notice to be available for plan participants. Also the deadline for "maybe" safe harbor plans to announce a contribution decision.