



**Change is Good...**

**Did you know?**

- We have recently applied for ASPPA Recordkeeper Certification. Like a SAS 70 audit for the TPA industry, this process will certify that we use the best practices in administrating our plans and running our business!

**Inside this issue:**

Distribution and Form 1099-R Update	2
Help on Issuing W-2 Forms	2
New Limits for 2009	2
Plan Document Corner	3
Fee Disclosure	3
Frustrated with Payroll?	4

It has been said that the only constant is change. In retirement plans, that certainly does seem to be the case for 2008. There were several big changes that impacted our plans this year:

**Plan Document Issues**—

There have been quite a few document changes that have been keeping us busy. Please see the “Plan Document Corner” article on page 3 for a definitive list of the new laws regarding your plan document.

**Deadlines and Disclosures** -

One of the changes brought forth by the Pension Protection Act (PPA) is that statements in participant directed plans must be delivered within 45 days after the end of the calendar quarter. There must also be a range of disclosures given to the participant along with those statements. We will be working on consolidating those requirements into one comprehensive statement in 2009.

**Distributions and 1099-R forms**—

If you’ve ever been frustrated by having to make federal tax withholding payments for your plan or forwarding 1099-R forms, we have a welcome change for you. We will be running all distributions through a payor

soon as possible,” leaving the interpretation to the auditors. Now, any “small plan” (a plan with under 100 participants) knows exactly what to do—segregate all employee withholding from regular corporate assets no later than 7 business days after the payroll’s check date. Large plans still are subject to the “as soon as possible” rule.

**Large Plan Audits**—

Large plans may not have clear guidance regarding employee withholding (we recommend 2-3 business days), but they are subject to a host of new requirements for their plan’s audit. Accountants who are performing the Form 5500 plan audits are under more stringent rules regarding what they must review and document. As a result, expect to see an increase in your fees regarding plan audits as they are considerably more time consuming due to the new requirements.

The new year is bound to hold more changes and we’ll be here to guide you each step of the way.



agent in 2009. They will handle the federal withholding tax, prepare the 1099-R forms and the 945 forms. That way, your process will be easier and we will be able to spend our January preparing your participant statements in time for the PPA deadline instead of preparing 1099-R forms. Look for applications in the mail soon.

**New Deposit Rules**—

The IRS has finally given us definitive rules regarding deposit rules for 401 (k) deferrals and loan payments. In the past, the regulations read “as

## Distribution and 1099-R Form Update

- In an effort to avoid the last minute rush of completion, distribution and mailing of those dreaded 1099-R forms, we have an internal deadline for processing distributions to participants. Any distribution request received before December 19, 2008 will be processed by the end of the calendar year and a 1099-R issued for the 2008 calendar year. We reserve the right to hold any requests received after the December 19th deadline and process them after January 1st. This will allow us to prepare your 1099-R forms in a more timely manner, enabling you to mail them in plenty of time to meet the January 31st deadline.
- If you have any employees who are:
  1. Age 70 1/2 or older and are a more than 5% owner of your company, or
  2. Age 70 1/2 or older, have retired and still have money in the plan

then those employees are required by law to take a Required Minimum Distribution from the plan, based on their life expectancy. In most cases these distributions must be completed before December 31, 2008 or the employee is subject to an excise tax of 50%. We are in the process of sending distribution packages to all employees we have on record if they have not yet received their distribution for 2008. Please be sure to follow up with these participants to be sure that they get the completed paperwork back to us. Also, if we do not regularly receive termination information from you, be sure to inform us immediately if someone in your plan has terminated this year and is age 70 1/2 or older!!



## Help on Issuing W-2 Forms

### Active Participant

- A person who actually contributes (defers) pre-tax dollars to a 401(k) plan
- A person who actually contributes post-tax dollars to a retirement plan
- A person who receives an Employer contribution or reallocated forfeiture during the 2008 tax year.

### Form W-2 Completion

- Box 12—If any employee contributes (defers) pre-tax dollars, place a D in this box with the amount of the deferral.
- Box 13—Place an X in the box for Retirement Plan if the employee is an “Active Participant” as defined in the column to the left.

January 31, 2009 is the deadline for issuing employee W-2 forms. The following may be helpful when preparing W-2 forms for a Defined Contribution plan:

## New Limits for 2009

- 401(k) Deferrals—\$16,500
- 401(k) Catch-up Contributions—\$5,500
- SIMPLE Deferral Limit—\$11,500
- SIMPLE Catch-Up Contributions—\$2,500
- Maximum Defined Contribution Plan Limit (415) —\$49,000
- Maximum Compensation—\$245,000
- Social Security Wage Base—\$106,800



## PLAN DOCUMENT CORNER

Since the theme of this issue is change, let's look at the changes that are affecting our plan documents:

### Final 415 Regulations—

This law update required all plans to amend the definition of compensation for retirement plan purposes. The amendment clarified that severance pay cannot be counted toward plan compensation and terminated participants must never be allowed to defer 401(k) dollars from severance pay. The IRS is trying to make the distinction between income earned from active employment versus that made purely for severance reasons. Therefore, you will see a reminder on our Annual Request for Information asking that the compensation be broken out between regular and severance pay. This amendment must be signed before the end of 2008.



**Paperless Plan Documents—what a great change!**

### EGTRRA Plan Restatements—

We are currently processing our first round of the new EGTRRA plan documents. As we have explained in prior issues, most of our plans need to be completely updated and restated for EGTRRA (Economic Growth Tax Relief Reconciliation Act of 2001) by April 30, 2010. Letters are on the way so you can see what document choices you have. To thank those returning document customers, we are offering a \$450 discount for those who will restate their document with us! We are very excited that these plan documents will be paperless. Plan documents and related forms will be delivered via memory stick to all clients and interested parties. For those of you who love paper, you can still request your plan document in a binder.

**Pension Protection Act (PPA)** - PPA is another law update that will require an

amendment, although the IRS has not yet issued sample language or promised technical corrections for the document. The PPA amendment will have to be adopted by the end of the 2009 plan year. We hope to have the amendment in time to process with the EGTRRA amendments, but that may not happen. The PPA amendment will address accelerated vesting and the relaxation of some distribution and rollover issues.

**HEART (Heroes Earnings Assistance and Relief Tax Act of 2008) amendment—** Like the PPA amendment, the IRS has not yet issued final guidance on this issue that changes the way retirement plans will deal with employees in the military. This amendment is not due until the end of the 2010 plan year.

We'll continue to keep you updated on any changes!



**Fees charged to participant accounts will need to be disclosed in 2009.**

The Department of Labor (DOL) has issued proposed regulations on fee disclosure which are set to be effective on January 1, 2009. We are certainly hoping for an extension of this date as the final regulations have not yet been issued.

This fee disclosure will apply to anyone who is a fiduciary to the plan (like your investment advisor) or provides services to the plan (like us,

## Fee Disclosure

your Third Party Administrator). Disclosures must be made to both the plan fiduciaries (through contracts and fee schedules) and also to the participants of the plan.

Investment related disclosure would include performance information regarding the funds in the plan including benchmarks, fees and expenses in a comparative format.

Administration related expenses would need to be disclosed based on the fees paid from the plan. This means the actual dollar amount charged to each participant's account will now need to be reflected on the participant statement. These expenses should be broken out by type.

Participant reaction to these disclosures will be interesting, especially in these hard economic times.

QUARTER 4, 2008



**Retirement Plan Administration  
and Consulting**

**Noble-Davis Consulting, Inc.  
30275 Bainbridge Road, Building B  
Solon, OH 44139**

**Phone: (440) 498-8408  
Fax: (440) 498-9566  
Toll-Free: (888) 657-0702**

**We're on the Web at  
[www.noblepension.com](http://www.noblepension.com)**

**Mail To:**



**We've found a partner  
who will forward your  
payroll information  
directly to us! Make  
a change for 2009!**

## **Frustrated with your payroll?**

Ever get frustrated with your payroll provider? Do you hate having to make copies of your payroll reports to send to us?

We have found a solution!

Paybridge is a nationwide company that is located right in our area. They offer powerful integrated payroll, retirement and Human Resources solutions for small to mid-sized clients.

Paybridge offers cutting edge web-based, real-time payroll solutions that are intuitive, easy-to-use and feature-rich. Their payroll processing is designed in

modules, so you can start small and add to your services over time, saving you time and money. Paybridge is priced competitively with other payroll services in the area and offers one-on-one training and unparalleled service.

Best of all, Paybridge offers us (as your Third Party Administrators) access to all of the compensation and deferral information as soon as it is processed. They also will provide us all needed year end information. No more payrolls to copy or send! No more census questionnaires at year end! And Paybridge

will also automatically wire transfer your deferral contributions and loan payments directly to your plan's custodian.

Paybridge will even "kick-back" 20% of your total invoice for payroll services back to us. We then pass the savings on to you on our invoice!!

Now that's convenience and savings!!

Please visit the web site [www.paybridgeusa.com](http://www.paybridgeusa.com) for more information and call your administrator if you are interested in setting up this great service in time for your 2009 year!!