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PLAN SPONSOR RETIREMENT PLAN UPDATE

Quarter 4, 2014

What You Need To Know for 2015

Did you know? We recently won the 2014 “When Work Works” award and were featured as one of the “Ten Smart Employers You may Not Know, But Should” in the nation! Check out the story [here](#)



Inside this issue:

Help on Completing W-2 Forms	2
Importance of Beneficiary Forms	2
New Limits for 2015	3
Required Minimum Distributions	3
Mark Your Calendar	4

Some things you’ll want to keep in mind for the coming year:

Paperless Participant Statements

If we are issuing your participant statements, we now have the capacity to deliver them electronically. Under the electronic delivery rules, we can e-mail the participant statements if your participants regularly need e-mail to perform their work duties. If this is not the case, then the participant must consent to electronic delivery of the statements. We can help either way—just give us a call!



Department of Labor Gets Nosy

Retirement plans are required to have an audit on their assets performed by an independent CPA/Auditor. The Department of Labor (DOL) had given small plans (those with under 100 participants) a free pass on this audit. This is still the case, but now the Attorney General of the DOL is wondering if they are providing proper oversight of those small plans that are unaudited. As part of this initiative,

the DOL is currently sending letters to sponsors of small plans with respect to financial disclosures and qualifying investments. If you receive any correspondence from the DOL on this matter, please forward it to us!

Welfare Plans

If your employees pay their medical premiums on a pre-tax basis, if your employees can put money into a Health Savings plan or even be reimbursed for medical expenses through a Flexible Spending Account, then you have a

Welfare Plan. The IRS is cracking down on these plans as many don’t have the required plan documents, don’t perform the mandatory annual testing or don’t file the proper government filings. Word has it that the next big IRS initiative is to start auditing employers of welfare plans to make sure that their ducks are in a row. Are your ducks lined up?

Call us if you have any questions!

Help on Completing W-2 Forms

January 31, 2015 is the deadline for issuing employee W-2 forms. The following may be helpful when preparing W-2 forms for a participant in a Defined Contribution plan.

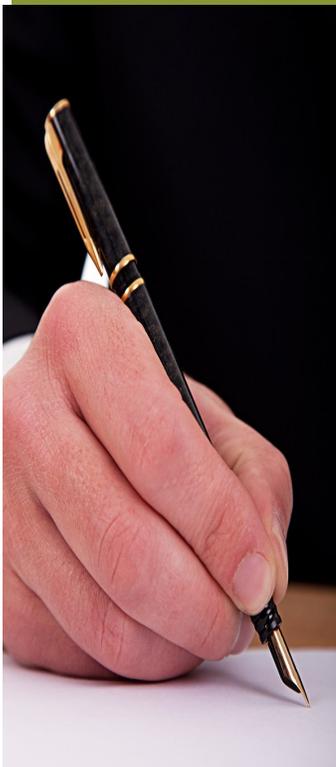
Form W-2 Completion

- Box 12—if any employee contributes (defers) pre-tax dollars, place a D in this box with the amount of their pre-tax deferral. Use code AA for any designated Roth deferrals.
- Box 13—place an X in the box for Retirement Plan if the employee is an “Active Participant” as defined below.

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 received an employer contribution or reallocated forfeiture during the 2014 tax year

Importance of Beneficiary Forms



Why do we have beneficiary designation forms? The simple answer is so that we know what to do with a participant’s account balance in the event of their death. It seems easy enough, but things can get complicated in a hurry.

Unlike most other plan transactions, beneficiary designations are likely to remain in effect for long periods of time without being reviewed or updated. Many life events can happen over time—the named beneficiary could pass away, the participant could get a divorce or have additional children. Payments have been made to ex-spouses because the beneficiary form was never updated after the divorce. Balances that were meant to be split among all of the children might only go to the oldest child because the other children were born after the beneficiary form was completed. Even recent law (the repeal of the Defense of Marriage Act) can affect the way a beneficiary form should be completed for same sex couples.

For clients where we produce participants statements, we do list the beneficiary on the last page of their statement—but who knows how closely the participant is looking? If you want to make sure you have valid, up-to-date forms, it is probably a good idea to send reminders or new forms to your participants every so often (depending on your workforce). We can help!

Limits for 2015

Retirement Plan Limit	Dollar Amount	Change
401(k) Deferral Contributions	\$18,000	Up \$500 from 2014
401(k) Catch Up Contributions	\$6,000	Up \$500 from 2014
Maximum Defined Contribution Limit (415)	\$53,000	Up \$1,000 from 2014
Maximum Compensation	\$265,000	Up \$5,000 from 2014
Highly Compensated Compensation	\$120,000	Up \$5,000 from 2014
Social Security Wage Base	\$118,500	Up \$1,500 from 2014
SIMPLE Deferral Contributions	\$12,500	Up \$500 from 2014
SIMPLE/IRA Catch Up Contributions	\$3,000	Up \$500 from 2014

Required Minimum Distributions



The law requires that those participants who have attained age 70 1/2 and have stopped working must begin taking distributions from their retirement accounts. These distributions are called Required Minimum Distributions (RMDs) and they are calculated based on the life expectancy of the participant. These distributions must occur prior to the end of the calendar year (except for the very first RMD, which may be delayed until April 1st of the following year). We are constantly processing these distributions throughout the year, so it's likely that they have already been paid, but please let us know if you think someone in your plan might be required to take this distribution for 2014. The distribution must be paid to :

- A participant who is age 70 1/2 or older and who is a more than 5% owner of the company, or
- A participant who is age 70 1/2 or older and who has retired and still has money in the plan

The penalty for not making these distributions is severe—a 50% excise tax payable by the participant—so we want to make sure we don't miss anyone!

Quarter 4, 2014

celebrating
20 years



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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.)

Each Payroll: Remit deferral and loan repayments within 7 business days (small plans) or as soon as possible (large plans).

December 31: Last day to self-correct significant qualification failures from the 2012 plan year or correct failed ADP/ACP test for 2013

December 31: Required Minimum Distributions (RMD) due for participants who have already received their initial payment

January 31: Participant data due to us for ADP and ACP testing in order to insure testing and refunds are timely

January 31: 1099-R Forms must be sent to participants

February 10: Form 945 are due (if no payment required)



February 14: Fourth quarter PPA Statements due for participant directed plans

February 28: Forms 1099-R are due to the IRS

March 15: Corrective distributions due for failed ADP/ACP Testing (without employer 10% excise tax)

March 15: Corporate Tax Return and contributions due (without extension)

April 1: Initial Required Minimum Distribution (RMD) due for participants who turned 70 1/2 in 2013 (or retired after turning 70 1/2 in a prior year)

April 15: Distributions of excess deferrals due to participants