



focus on

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Retirement

What Is With All This Paper?

Retirement Plans have lots of different notices that are required to be shared with participants. Unfortunately, all of this paper can be overwhelming at times. Here's a breakdown of what notices you might receive and what they mean.

Summary Plan Description (SPD)—All retirement plan must have a written plan document that spells out how the plan is operated. This document can be several hundred pages long. The Summary Plan Description is a shorter, easier-to-read document that summarizes the key provisions of the plan. Any time your employer changes something in the main plan document, you also need to receive an updated copy of the SPD (or just a description of the changes called a Summary of Material Modifications). You will only receive an SPD when changes are made.



Summary Annual Report (SAR) - Every year, your employer has to file a Form 5500 with the Department of Labor/Internal Review Service that outlines the plan's statistics for the year. You will receive a one page sheet that highlights these numbers soon after your employer files the Form 5500. You will receive an SAR annually.

Fee Disclosure/Comparative Chart—Recent legislation has mandated that if you can direct your investments (i.e. pick mutual funds that you want to invest in) for your plan, then you must receive certain information about those investments every

year. The fee disclosure includes any expenses that are paid by plan assets that would affect your account. The comparative chart shows information about all of the investment choices in your plan to allow you to see what choices are right for you. You will receive this information at least annually. You may receive more than one of these notices as there may be fees that affect your account from multiple parties.

Qualified Default Investment Alternative (QDIA) Notice—If you are in a plan that allows you to direct your assets, but you never completed an election form, then your plan contributions are invested in the default fund. Often the fund will be a QDIA and if so, then the plan is required to notify you that you are invested in the QDIA. This notice is required annually if it applies.

Safe Harbor Notice—Some plans have a special contribution called a "Safe Harbor" contribution. If you are receiving this notice, it means that your employer may make a special contribution to your account. You will receive this notice annually if it applies.

Automatic Contribution Arrangement (ACA)—Some plans say that if you don't choose your 401(k) contribution level, then the plan will choose a default contribution level for you (such as a deferral of 3%). This notice describes that arrangement and tells you how to make an affirmative election.

Why are my Funds Changing?

From time to time, you may get a notice that indicates there will be a change to the investments that you may choose in your plan. This usually stems from a discussion between the plans' investment advisor and the Plan Sponsor (your employer) to change a fund to a more prudent investment. There are several reasons why this might happen:

- **They see the fees are too high**—As part of the review on assets, advisors and plan sponsors will look at the fees paid by the fund and compare it to similar funds.
- **They see changes in a fund that they don't like**— Sometimes, a fund has a change in the asset manager or the focus of the fund that makes it no longer appropriate for the plans' fund line up.
- **They think the returns are too low**— When comparing funds to a similar fund, they may notice

that the investment returns aren't as good as the benchmarks for that type of investment.

- **They like a different share class**— Sometimes, they will decide to keep the same fund but change to a different fund class (such as "R" shares which are designed specifically for retirement plans).
- **The fund company closes or merges a fund**— sometimes the plan has no choice but to move to a new fund as a result of a decision made by the fund company.

These notices will be provided to you with at least 30 days notice before the change (if possible). Make sure you read the fund change notice and understand how it will impact your account balance in the plan.



"Retirement is wonderful. It's doing nothing without worrying about getting caught."

- Gene Perret

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