



# RETIREMENT PLAN UPDATE

**Quarter 4, 2009**

## The Year Ahead

### Did you know?

**We were recognized as a special category award winner for Empowerment at the recent NorthCoast 99 awards.**

Things seem to be looking up in the economy. We hope that you feel your business is recovering too! The past year has not been a fun one and we applaud you for persevering!

There is a lot to look forward to in 2010 for retirement plans.

1) Electronic Filing of Form 5500—It's called EFAST2 and we find it cumbersome and annoying, but it is the law. All 5500 forms will have to be filed electronically. Unfortunately, the Department of Labor (DOL) has put much of the onus for the program on the plan sponsor (instead of us—that's the annoying part as we try to take on these responsibilities for your plan). In January 2010, you will be receiving a postcard in the mail from the DOL that asks you to obtain credentials in order to file electronically. We will be sending out more information to you as we learn more about the program. Don't worry—we're here to be the experts and give you peace of mind!

2) Mutual Fund Settlement Checks—the Securities and Exchange Commission (SEC) entered into settlements with several mutual fund companies relating to improper trading activities. As a result, several mutual fund companies have had to pay retirement plans a settlement for the period of time the plan was in-



vested in those funds. Some checks have already been sent and range in size from a few dollars to thousands of dollars. The checks normally apply to accounts that were in the plan many years ago and the people or the funds that the checks are attempting to reimburse may not even be in the plan anymore. We are suggesting that the plan use these settlement checks to pay plan expenses since that is the least expensive and most streamlined way to deal with the issue.

3) Document Submissions—We are currently processing the EGTRRA document restatements (see page 3), but you might want to think about submitting your plan document to the Internal Revenue Service (IRS). We'll be sending a letter soon describing the benefits and also explaining our discounted rate.

4) Free isn't really free. We know there are lots of firms out there hungry for your business. We've had many clients come to us letting us know that they are being solicited by big firms offering "free" plan administration. Be wary of these solicitations - there is no such thing as a free ride. Quality plan administration costs money—there are few qualified individuals, the law is constantly changing and the technology is expensive and never static. Your administration may look free, but your participants are paying for it somehow, usually through reduced earnings. We can always run your fees through the plan if you're looking to save costs—talk to your administrator. Most clients stay with us because we really are a better value and we look for ways to save you money!

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## Help on Issuing W-2 Forms

January 31, 2010 is the deadline for issuing employee W-2 forms. The following may be helpful when preparing W-2 forms for 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 the pre-tax deferral. Use code AA for a designated Roth 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 right.



### 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 2009 tax year.

## New Limits for 2010

What is old is new again—this year the retirement plan limits stayed the same!

- 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

## 20 Years!

Seems like just a short time ago that Pam Noble started consulting on retirement plans out of her home. But time has gone quickly and now we've been in business for over 20 years, with 24 employees and own our building. Thanks to everyone who has helped us along the way!



## PLAN DOCUMENT CORNER

We are currently processing our EGTRRA (Economic Growth and Tax Relief Reconciliation Act of 2001) documents. The law requires that the PPA (Pension Protection Act of 2006) amendments be adopted by the last day of the plan year that began in 2009. For most of our plans, that means December 31st. Furthermore, the EGTRRA restated documents must be signed no later than April 30, 2010. In order to provide you an updated document in the most efficient way, our plan is

to wrap the PPA amendment in with the EGTRRA restatement. This way there will be no extra charge for the PPA amendment.

Note: some plans requested changes to their plan document last year, and their EGTRRA restated plan was adopted before the PPA amendment was available. There will be a small nominal charge to process these amendments.

We are providing the document on a USB memory stick (a binder is available at an extra charge). To ease your burden, we are providing signature ready

printed pages as well as a printed Summary Plan Description (SPD) that is ready to copy and distribute. Let us know if you need help distributing the SPD—it's a job we take care of for many employers.

Our plan is to have all 12/31 plan year end documents sent to you by December 15th to allow plenty of time to adopt the plan before the end of the year. If you have not yet told us who will be restating your plan document, we will be calling you to remind you to choose soon—time is running out!



## We're working to save you money!

We will be making a couple of changes to our fees for 2010. Rest assured, we are not raising prices! We are proud to say that we have not increased our fees in the last 4 years. In fact, our annual fee schedule has stayed the same for the last 10 years.

- We will be dropping all minimums from our pricing. For example, we charged \$100 per hour for amendments with a \$250 minimum. That minimum will now be removed, so if your amendment requires less than 2.5 hours of work, it will now cost less than \$250.
- We will be charging our participant loan maintenance fees each quarter instead of once per year. This will make it a more even payment throughout the year.
- We will be charging all distribution fees when the distributions are actually processed instead of when the distribution paperwork is sent.
- Lastly, to reimburse our firm for the many hours spent tracking, applying and calculating we will be holding back a small percentage (10%) of the revenue sharing earned by the plans.

## Important Upcoming Dates

We'll always send you reminders, but here some important upcoming dates:

- 12/1/09 —deadline to distribute safe harbor notice for 12/31 plan year ends
- 12/1/09 — deadline for automatic enrollment plan notice for 12/31 plan year ends
- 12/15/09 —deadline to distribute Summary Annual Report for extended 12/31 plan year ends
- 12/31/09—deadline to adopt PPA (Pension Protection Act of 2006) amendment for 12/31 plan year ends
- 1/31/10— Form 1099-R due to participants
- 2/10/10—Form 945 due to the IRS
- 2/28/09—Forms 1096 and 1099-R due to the IRS
- 3/15/09—Corrective Distributions for failed ADP/ACP Testing Due (without 10% excise tax) for 12/31 plan year ends
- 4/30/10—EGTRRA Document Restatement must be adopted



Quarter 4, 2009

celebrating  
20 years



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## Cookies, anyone?

We were recently a winner for NorthCoast 99. NorthCoast 99 is an annual recognition program that honors 99 great workplaces for top talent in Northeast Ohio. We were even chosen to receive one of six special category awards given to the companies that demonstrate the most unique and innovative practices aimed at attracting, retaining and motivating top performers. We won the award for the special



category of Empowerment.

We were recognized for our innovative approach to work-life balance and autonomy in the workplace. We encourage each of our employees to treat their caseload as if it were their own business. This entrepreneurial attitude allows the staff to provide the best service for their clients while being able to spend time with their families.

Instead of assigning work, employees volunteer for what they are willing to take on, ensuring that each plan administrator is committed to the task and that it fits in with their idea of work-life balance. That balance is different for everyone, so we treat each employee differently to try to find that equilibrium.

We were also recognized for all of the fun things we do with our staff, from



weekends out of town to birthday donuts to our annual Quince de Mayo celebration (we have to celebrate on May 15th instead of May 5th due to one of our deadlines). But the one thing that seemed to capture everyone's interest was our daily fresh baked cookies. If you're in the neighborhood, stop by any day around 3:30 and grab one!

Congratulations to our clients and business partners who were also NorthCoast 99 winners!