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PLAN SPONSOR RETIREMENT PLAN UPDATE

Quarter 4, 2015

Looking Ahead to 2016

Did you know?

We will be rolling out a new participant and plan sponsor website for our recordkeeping (daily) clients at the end of January. The new site is intuitive and inspiring and is focused on letting participants know how to be ready for retirement. Look for more information before the launch!

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

Tax Reform Proposals

There are proposals that may limit the size of a participant account to approximately \$3.4 million dollars before the contributions to the plan become taxable. There is also an initiative to limit the amount that can be deferred on a pre-tax basis to 80% of the deferral limit (which would mean anything deferred over \$14,400 in 2016 would have to be a Roth deferral that goes into the plan on an after-tax basis). Since Congress isn't agreeing much on anything these days and the election is coming soon, we most likely won't see these enacted in the coming year, but the proposals are out there.

MyRA and Automatic Enrollment

The Department of Treasury has rolled out a new program for retirement savings called the MyRA (their take on the IRA) to encourage participants to save for retirement. The pro-

gram allows individuals to fund their account from their paycheck or via direct deposits from checking or savings accounts or even from a federal tax refund. These accounts are set up following the

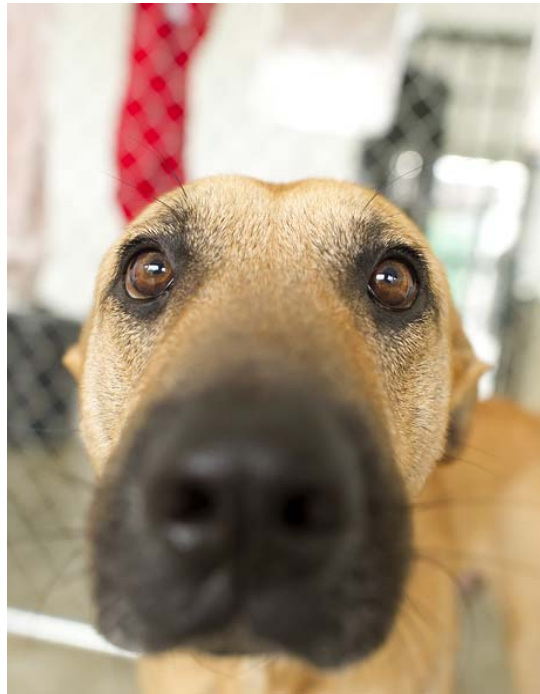
Roth IRA rules, so they will not have the pre-tax savings benefit available in most retirement plans.

Automatic Enrollment

There is also a push to have more plans include automatic enrollment. Automatic enrollment will enroll any participant in the retirement plan to

a set deferral percentage if the participant fails to make an alternative election. The government feels this is a good way to help employees save for retirement as it takes advantage of the participants' tendency to procrastinate when making decisions about their retirement savings.

As always, we will keep you up to date on any changes!



Help on Completing W-2 Forms

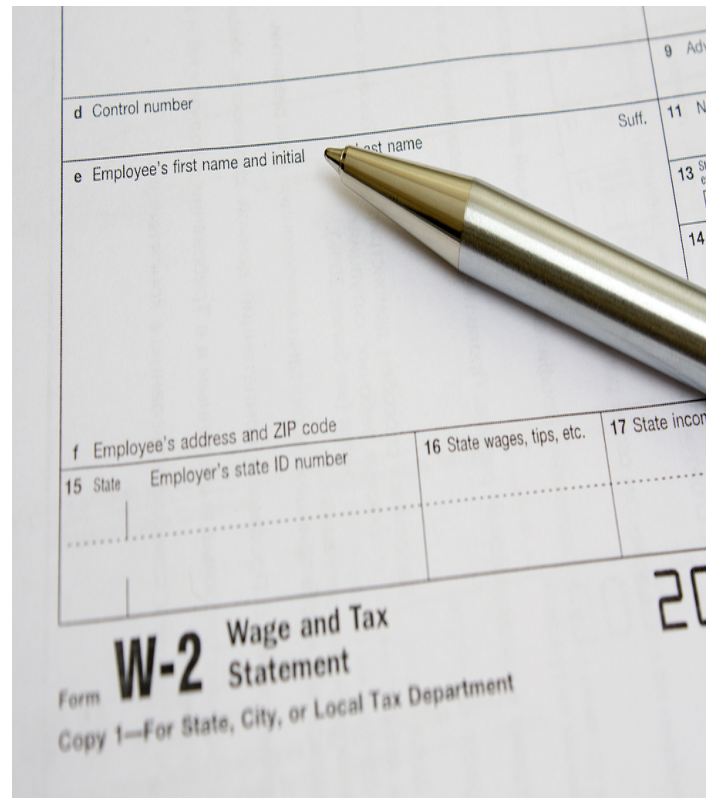
January 31, 2016 is the deadline for issuing employee W-2 forms. The following may be helpful when preparing W-2 forms for a participant in a Defined Contribution plan.

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 2015 tax year



Required Minimum Distributions



The law requires that those participants who have attained age 70 1/2 and are no longer working 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 and their beneficiary. 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 consistently 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 2015. 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!

Limits for 2016

Plan limits are based on increases in the Cost of Living Adjustments (COLA) as measured by the Consumer Price Index (CPI) . Since there was a decline in the CPI, the limits will remain the same.

Retirement Plan Limit	Dollar Amount	Change
401(k) Deferral Contributions	\$18,000	Same as 2015
401(k) Catch Up Contributions	\$6,000	Same as 2015
Maximum Defined Contribution Limit (415)	\$53,000	Same as 2015
Maximum Compensation	\$265,000	Same as 2015
Highly Compensated Compensation	\$120,000	Same as 2015
Social Security Wage Base	\$118,500	Same as 2015
SIMPLE Deferral Contributions	\$12,500	Same as 2015
SIMPLE/IRA Catch Up Contributions	\$3,000	Same as 2015

New DOL Bonding Initiative



Insured
 Uninsured

The Department of Labor (DOL) recently launched an initiative aimed at the fidelity bond question on the Form 5500. The DOL is looking to make sure that the plan has a bond and that the bond amount is sufficient to cover the plan assets. The bond amount should be an amount that is at least 10% of the total plan assets (up to a maximum amount of \$500,000). This coverage should be available from your insurance agent or you can click here to obtain your bond

https://my.colonialdirect.com/login/register_plan_sponsor?ref=OH0173

Make sure your plan is covered!

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**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

Participant Call In: (866) 811-6604

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 2: Last date to send out annual notices for safe harbor, QDIA and automatic enrollment plans.

December 15: Summary

Annual Report due for plans that extended the Form 5500.

December 31: Last day to self-correct significant qualification failures from the 2013 plan year or correct failed ADP/ACP test for 2014

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 is 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 (to avoid employer 10% excise tax)

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