

Employee Benefits

NEWS



WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Employee Benefit Services

EXCEEDING EXPECTATIONS SINCE 1926

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BILL THREATENING RETIREMENT PLANS INTRODUCED IN CONGRESS



A new bill (HR 4126) has been introduced in the Ways and Means Committee by Rep. Lloyd Doggett (D-Texas). This proposed legislation would ban cross testing of contributions and alter vesting rules. We believe that this would be extremely detrimental to the retirement plan industry and destroy the plan sponsorship incentive for small business owners, resulting in many plan terminations. In our opinion, rather than enhancing existing plan contributions, the result of this legislation would leave many workers with no retirement benefits at all. We encourage you to contact your representatives, especially those on the Ways and Means Committee (Reps. Stark, Sanchez, Becerra and Nunez), to register your opposition to this wrong-headed attack on our private retirement system.

DOCUMENT ISSUES: RESTATEMENTS AND PPA AMENDMENTS

While we continue to send out the EGTRRA document restatements that we have detailed in prior newsletters, Congress continues to pass legislation requiring interim amendments for all retirement plans. We are currently sending out amendments required to be adopted by the end of the plan year that begins in 2009. The amendments intended to demonstrate “good faith” compliance with the provisions of the Pension Protection Act of 2006 (PPA), the Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART). In the future, we plan to adopt model interim amendments at the plan document provider level (Windes), which will simplify plan document compliance for our clients.

2010 OUTLOOK

While 2009 has been a challenging year for retirement plan sponsors, what does next year hold? We have enclosed Richard’s article that reviews some important issues that plan sponsors need to be aware of for next year, including the required electronic filing of Form 5500 for the 2009 year. We will be in contact with each of our administration clients early next year regarding the transition from paper filing.

SAFE-HARBOR PLANS

Safe harbor 401(k) plans are a great way to build certainty into a 401(k) program. By committing to an employer contribution (either a flat percentage of pay or a matching amount), a 401(k) plan is relieved from having to test employee deferrals for discrimination, allowing the highly paid to contribute the maximum allowable amount. Any changes to the safe harbor provisions must generally be made before the beginning of the plan year, but what are the options for stopping plan contributions during the year? There’s article discusses these options, and the consequences of making such a decision.

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UPCOMING DEADLINES

February 1, 2010	Form 1099-Rs due to participants for 2009 distributions. Form 945 due to the IRS to report withholding from distributions.
March 1, 2010	Form 1096 due to the IRS.
March 15, 2010	Unextended 2009 calendar year corporate tax returns due. Corrective distributions of 401(k) deferrals due to highly compensated employees.
April 1, 2010	Required minimum distributions due for applicable participants who attained age 70.5 in 2009.
April 15, 2009	Unextended 2009 calendar year partnership, LLC and individual tax returns due. 2009 excess 401(k) deferrals must be distributed.
April 30, 2010	All defined contribution plans must be amended for EGTRRA and submitted to the IRS.

COST OF LIVING LIMITS UNCHANGED FOR 2010

Due to the slow economy this last year, none of the primary statutory limits have been changed from their 2009 levels. For 2010, the 401(k) limit remains at \$16,500, the catch up is still \$5,500, and the defined contribution limit will again be \$49,000. The Compensation limit used for retirement plans remains at \$245,000. The threshold for determining who are Highly Compensation Employees remains at \$110,000.

TRANSMISSION OF SENSITIVE DATA

As part of an accounting firm, we are required to protect and encrypt any files that contain confidential information including social security numbers. Besides information contained in our census request forms, we also require completion of our Distribution Forms to process any plan distributions. These forms (available from our web site) can be securely faxed or mailed. If e-mailing any sensitive material, please upload such information to our secure server by using "send this file."

To use "send this file", simply log on to www.sendthisfile.com/windes, complete the Sender, Recipient (eps@windes.com), Subject (company name), and Message fields. You can attach up to five files using the Browse button for each file, then click the SendThisFile button. You must wait for the upload to complete before closing the window, and you will receive a confirming e-mail.

For all other communication, we request that you utilize our department e-mail address as follows: eps@windes.com. We appreciate your help in protecting the privacy of plan participants.

DIANE JENKINS

As many of you are aware, our dear friend and colleague Diane Jenkins lost her long battle with illness earlier this year. She waged a courageous battle and continued to the end to do her best in spite of her condition. While we miss her every day, we are working diligently to honor her memory by providing the best possible service to her many clients and contacts.

The goal of Windes & McClaughry Employee Benefit Services is to deliver the highest quality administrative and consulting services to our clients and their advisors. Each client has direct contact with their plan administrator, and receives personalized service from our experienced professionals. With over a century of combined experience in the employee benefits field, our professionals have the expertise and access to leading edge resources that uniquely qualify us to provide our clients with complete administrative services that ensure the successful operation of their employee benefit programs.

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