



# Benefits Observer

## President's Message

As I write this message in early August, it does not seem as if we have had much of a summer yet. That being said, I hope you have been able to enjoy some of the occasional breaks from the rain and seasonably cool weather.

2009 has definitely been an unusual year in regards to weather. It seems that the weather this year has been as inconsistent as the financial markets. As we continue to look for significant signs of summer, we also look for real signs of a true economic recovery. Some economic forecasters say the worst is behind us while others say the worse is yet to come. Only time will tell.

Time will also tell if any of the stimulus plans introduced earlier this year are working. The one program that has been well received is the "Cash for Clunkers" bill. More funding was recently approved to keep this popular program going. It's a program that believed to be good for consumers, good for the auto industry (dealers & manufacturers) and good for the environment over the long haul. If only health care reform was that easy.

Financial and retirement security is constantly a concern, especially in times like these. As always, I offer you the opportunity to contact Lawrence & Pearson Associates to discuss any of the topics in this newsletter and/or any of your retirement or other employee benefit plan needs. We look forward to hearing from you.

S. Scott Lusher

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401(k) Day  
Make wise choices.

## 10 Tips to Keep a 401(k) on Track

Mercer, a leading global provider of benefits administration, suggest that plan sponsors investigate the following 10 issues to keep their 401(k) plan on sound footing:

1. Confirm that all investment funds in the lineup are appropriate.
2. Determine if the plan's target date funds are appropriate.
3. Review and revise the plan's Investment Policy Statement (IPS).
4. Consider adding retirement income options within the plan in order to help participants manage longevity risks.
5. Review the employer contributions to the plan.
6. Review participant communications and financial education.
7. Evaluate participant paid fees (investment and administration).
8. Ensure compliance readiness for proposed fee disclosure bill.
9. Review administrative procedures to ensure compliance.
10. Determine if employer is exposed to any unnecessary risk.

## EGTRRA Restatement Reminder

All qualified defined contribution plans must be amended and restated for the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) no later than April 30, 2010. Plan sponsors using Lawrence & Pearson's pre-approved plan documents should receive their EGTRRA restatement election form by the Fall of 2009.

## 403(b) Plan Document Reminder

The final 403(b) regulations went into effect on January 1, 2009. However, the IRS provided relief on the plan document requirement by extending the deadline to December 31, 2009. Please contact Lawrence & Pearson for help satisfying the plan document requirement.

## 401(k) Day is on September 11th

401(k) Day, the annual celebration spotlighting the importance of employer-sponsored 401(k) plans, is on September 11th – the Friday after Labor Day. This year's theme is "Make Wise Choices". It is intended to remind employees that today's choices shape tomorrow's well-being. For more information and to order communication materials, go to [www.401kday.org](http://www.401kday.org).

## Important Updates and Retirement Related News

**HSA 2010 Limits:** On May 14, 2009, the IRS released the 2010 contribution and deductible limits for Health Savings Accounts (HSA) and High Deductible Health Plans (HDHP). The 2010 HSA contribution limit for HDHP coverage will be \$3,050 (self-only) and \$6,150 (family). The HSA catch-up contribution for those ages 55 or older will remain at \$1,000. The 2010 minimum deductible for HDHP coverage will be \$1,200 (self-only) and \$2,400 (family). The 2010 maximum out-of-pocket expense amount for HDHP coverage will be \$5,950 (self-only) and \$11,900 (family).

**401(k) Safe Harbor Plan Relief:** On May 18, 2009, the IRS published proposed regulations on the Suspension or Reduction of Safe Harbor Contributions. These proposed regulations provide employers incurring a substantial business hardship an alternative to terminating their 401(k) safe harbor plans. Employers meeting certain requirements can suspend required safe harbor contributions without the losing their qualified plan status.

**IRS Plan Audit Tools:** On June 2, 2009, the IRS added updated tools to its Employee Plan Team Audit (EPTA) web site – [www.irs.gov/retirement/article/0,,id=129221,00.html](http://www.irs.gov/retirement/article/0,,id=129221,00.html). The tools include: 1) “EPTA Trends and Tips” - the most common plan audit issues and tips on how to avoid these mistakes; 2) “Internal Controls Questionnaire” - sample questions related to HR personnel, Payroll, Plan Failures and Plan Administration; and 3) “Taxpayer Documentation Guide” - a comprehensive list of documents that plan sponsors should make available to the IRS for a plan audit.

**NYS Public Employee Pension Reform:** On June 5, 2009, the State of New York and its public employee unions announced an agreement that would reduce pension benefits for future public employees and save the state billions of dollars in an effort to control escalating costs for retirees.

**401(k) Fee Disclosure & Investment Advice:** On June 24, 2009, the House Committee on Education and Labor approved the 401(k) Fair Disclosure and Pension Security Act. This approved bill merged two separate proposals introduced earlier this year by Congressmen George Miller (D-CA) and Rob Andrews (D-NJ). If enacted, this legislation will increase 401(k) fee & expense disclosure and ensures that if employers provide workers with investment advice, that the advice will be based on the workers’ needs – not the investment advisor’s financial interest.

**BrightScope’s New 5500 Data Tool:** On June 29, 2009, BrightScope ([www.brightscope.com](http://www.brightscope.com)) announced the release of its Form 5500 data tool. Retirement plan sponsors typically are required to file Form 5500 and all necessary schedules annually with the Department of Labor (DOL). The DOL makes the data contained in the Form 5500 filings “publicly available”. This tool converts the public publicly available 5500 data into a layout that is essentially easier to understand and navigate.

**403(b) Form 5500 Relief:** On July 20, 2009, the DOL issued Field Assistance Bulletin (FAB) 2009-02 to provide relief to 403(b) plans in regards to the Form 5500 annual reporting requirements. FAB 2009-02 indicates that the 403(b) plan does not need to treat annuity contracts and custodial accounts as part of its plan assets if issued before January 1, 2009 as long as certain other conditions are satisfied.

Contact Phil Glackin at (518) 374-5726 or [pjg@lawrence-pearson.com](mailto:pjg@lawrence-pearson.com) to request more information on topics in this newsletter.



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