

Retirement Report

News and Updates for Plan Sponsors and Fiduciaries of Defined Contribution Plans

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Regulatory Update: Proposed Fiduciary Disclosure Rules

Last month the Employee Benefits Security Administration (EBSA) of the Department of Labor (DOL) issued proposed regulations regarding required fiduciary disclosures. The goal of the regulations is to ensure that participants and beneficiaries are made aware of their rights and responsibilities with respect to managing their individual plan accounts (such as in a 401(k) plan). Included in the disclosure items are fees and expenses, designated investment alternatives, and all other information deemed necessary for a participant/beneficiary to make an informed decision. Plan-related disclosure can be broken down into the following three categories:

1. General plan information (investment instruction, voting/tender rights, etc.)
2. Administrative expenses of the plan (legal, accounting, recordkeeping, etc.)
3. Individual expense of the participant (loans, QDROs, etc.)

Investment-related disclosures are also required. These disclosures must take a form that allows participants and beneficiaries to view the designated investment alternatives in a comparative format. Also, the Appendix of the proposed regulations contains a model notice that may be used to meet fiduciary requirements of the comparative format disclosure. These requirements are set to become effective for plan years beginning on or after January 1, 2009.

If you have any questions regarding how these proposed regulations may impact your plan please contact your plan consultant or email bwright@twgservices.com.

Record Retention: What Should I Keep And For How Long?

Have you ever wondered how long you should maintain various plan records? Are you running out of storage space for your existing records? When it comes to document storage remember that your number one goal should be to have materials preserved in a format that allows for quick and easy retrieval. It's appropriate to store plan records electronically whenever possible.

First, all Plan Documents should never be discarded, and they should be stored for the life of the plan. This would include items such as the Basic Plan Document, Adoption Agreement, Amendments and Summary Plan Descriptions (SPDs). Second are the Annual Filing Items, including the 5500 and all the supporting materials for contributions, testing, plan audit, Summary Annual Reports, and distribution records, and these should be maintained for at least six years. Finally, all Participant Records should be maintained to determine the amount of benefits accrued by each participant. Enrollment forms, beneficiary forms, and distribution forms should be maintained at least six years after the participant's termination. Also, loan records should be maintained for six years after the loan is paid off. More and more these types of records can be maintained by your plan vendor, so it's encouraged to use their services whenever possible.

If you have any questions about record retention, please contact your plan consultant or email bwright@twgservices.com.

September 5th Is National 401(k) Day

The Profit Sharing/401(k) Council of America (PSCA) is once again sponsoring a national 401(k) Day, spotlighting the importance of employer-sponsored profit sharing and 401(k) plans. In 2008, 401(k) Day is officially September 5, the Friday after Labor Day. By using a television metaphor the 401(k) Day 2008 campaigns will provide a positive everyday connection with life for each demographic group from Generation Y to Baby Boomers. Visit www.401kday.org for more information and to access posters, payroll stuffers and other interactive tools you can use to promote the celebration with your employees.

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15 Things Every Worker Should Know About Their Retirement Plan

When it comes to knowing about and understanding their retirement plan, many employees are in the dark. They often possess little or no knowledge of the plan which often impacts their perception of this important benefit. As a plan sponsor, you can address this by being sure all of your employees are able to answer these 15 questions below. If they can, they will have a basic working knowledge of your retirement plan and have taken the first step toward better awareness and appreciation. Please refer to the "Communication Corner" section of this month's newsletter to download a corresponding participant memo covering this topic.

1. When can I join the plan?
2. Can I transfer money from a previous employer's plan or an IRA? And, when can I do this transfer?
3. How much can I deposit to the plan each pay period?
4. Does the company "match" my deposits and if so, what is the match and when is it deposited to my account?
5. Are employer deposits subject to a vesting schedule and if so, what is it?
6. What are the investment options available to me and how do I get more information about them?
7. How often can I reallocate the money in my account between investment options?
8. Can I access my account via the Internet and if so, how?
9. How often will I get a statement that reflects the current status of my account?
10. Are loans allowed from the plan?
11. Are hardship withdrawals allowed from the plan?
12. Does the plan offer any type of educational material or advice service to help me properly invest my account?
13. Does the plan allow me to make catch-up contributions when I'm age 50 or older?
14. What happens to my money if I quit working for this company?
15. Who do I contact if I have questions about the plan?

If you would like more information about educating your participants on the features and benefits of your retirement plan, please contact your plan consultant or email bwright@twgservices.com.

Survey Says: Automatic Enrollment On The Rise

An automatic enrollment feature is now used by 42% of employers in their 401(k) plans, compared with 23% of plan sponsors in 2005-2006, according to a recent 401(k) survey. In addition, 82% of those plans with automatic enrollment reported increased participation rates. Another 26% of the employers surveyed in 2008 are considering adding an automatic enrollment feature. More than two-thirds (68%) of the plans with automatic enrollment use a 3% default deferral percentage, with 16% of plans using a default deferral percentage of 2% or less. The plans surveyed use one of five default investment options: lifecycle funds (63% of plans), a balanced fund (15%), a lifestyle fund (9%), a principal preservation fund such as a stable value fund or a money market fund (8%), and other types of funds (5%). The *401(k) Benchmarking Survey; 2008 Edition*, which included 436 employers, was jointly conducted by Deloitte Consulting LLP, the International Foundation of Employee Benefit Plans, and the International Society of Certified Employee Benefit Specialists (ISCEBS).

For more information on Automatic Enrollment please contact your plan consultant or email bwright@twgservices.com.

Communication Corner

This month's sample employee memo corresponds to our feature article, "15 Things Every Worker Should Know About Their Retirement Plan." Email bwright@twgservices.com for a copy you can print and distribute to employees.

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