



SEBC

Southern Employee Benefits Conference

Ask the Experts!!!!
Retirement Plan Information
SEBC Fall Fly-In – October 2, 2012

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Legislative Current Events



■ Tax Reform

- Congress is looking (again) at the reduction in retirement plan contributions and deductions as a source of “revenue”
- Does not have the appearance of being a new “tax”
- Congress’s projections use a 10-year horizon, so it appears that pension funds are pure deductions and not deferrals



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Legislative Current Events

- Tax Reform: Proposals so far include:
 - Reducing the §415 limit to \$20,000 or 20% of compensation
 - Eliminating catch-up contributions
 - Reducing deferral limits to \$14,850 for 401(k)s and \$4,500 for IRAs
 - Suspending indexing
 - Converting contribution exclusions to credits



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Legislative Current Events

- ASPPA has identified some “myths” on which many in Washington operate:
 1. Tax incentives for retirement savings are “lost revenue”
 2. Less than half of American workers are covered by a retirement plan
 3. Only the wealthy benefit from retirement savings tax incentives
 4. Cuts in tax incentives and contribution limits affect only the wealthy
 5. Workers will save for retirement without a workplace plan



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Legislative Current Events

- Other Proposals
 - “Lifetime Income Disclosure Act” would require DC plans to include “annuity equivalents” on benefit statements annually
 - “Retirement Savings Security Act” would provide credit insurance for plan loans, optional auto-enrollment in death and disability credit insurance



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Legislative Current Events

- Other Proposals
 - “Savings Enhancement by Alleviating Leakage in 401(k) Savings Act” (SEAL):
 - Allows repayment/rollover of loan offsets into IRA rollover as late as the due date of the tax return for the year of distribution;
 - Remove 6-month suspension of deferrals after hardship
 - Prohibits credit/debit card plan loans



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Legislative Current Events

- Other Proposals
 - “Hardship Outlays to Protect Mortgagee Equity Act” (HOME)
 - Waives 10% penalty for distributions to make mortgage payments on your home, up to a limit



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Legislative Current Events

- Other Proposals
 - “Retirement Plan Simplification and Enhancement Act”
 - Makes it easier to give electronic disclosures
 - Changes eligibility to let in more long-term part-timers
 - Changes QACA rules to eliminate 10% maximum on auto deferrals
 - Directs expansion of EPCRS and self-correction
 - Exempts balances of <\$100K from RMDs
 - Directs consolidation of notices into SPD or SMM



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Legislative Current Events

- Other Proposals
 - Auto-IRA for employers without retirement plans
 - Automatic enrollment
 - Limited employer responsibility/liability
 - Withhold and transmit contributions
 - Choice of providers/investments?
 - Roth options?
 - MEP reform



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DOL Current Events



- What will happen with regard to:
 - Definition of “fiduciary” expansion?
 - Electronic disclosure rules?
 - MEPs?
- A lot depends on the results of the presidential elections and who is the head of EBSA



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IRS Current Events



- Draft regulations issued (without ability to rely) on governmental, tribal government plans
- Reportedly in process:
 - 403(b) FDL/prototypes?
 - New EPCRS?
 - DFVC for –EZs?



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IRS Current Events

- Awaiting final report on 401(k) Questionnaire
 - 1200 plans surveyed
 - 98% response (threatened audit of nonresponders)



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Preliminary Findings in re 401(k) Questionnaire

- 86% of plans are preapproved
- 23% received FDLs
- 53% use TPAs
- 96% use catch-ups
- 22% allow Roths
- 20% top-heavy in 2008
- 43% safe harbor plans
- 76% permit hardships
- 50%+ correct ADP failures within 2½ months
- 65% know about EPCRS; 50% of those found it helpful
- In 58%, dollar amount of deferrals went up but in 52%, % of comp deferred went down
- A higher percentage of employers suspended match or nonelective contributions in 2008 than in 2006

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