

**Consulting Services**

- Design Consultation
- Feasibility Study
- Employee Survey
- Document Design
- Communication & Enrollment
- Human Resources

**Administration Services**

- Documentation/IRS Submission
- Participant Recordkeeping
- Compliance Testing
- Discrimination Testing
- Continued below

Spring, 2003

## Plan Trustee News

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The PensionSpecialists, Ltd.

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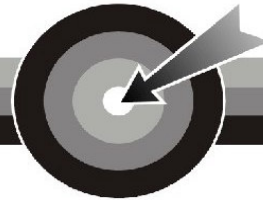
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\*Separate, unaffiliated corporation

# ThePensionSpecialists, Ltd.

Retirement Plan Third Party Administrator



## Q&A's on Submitting Your GUST Restatement to IRS

We recently sent out information to the plans which are considered "Non-Standardized Prototype" Plans that have been restated for GUST. Here are some additional questions from our clients.

**Q: Will my payments for the GUST restatement and charges for the IRS submission qualify for the new tax credit for expenses paid for plan administration?**

EGTRRA, the retirement plan law passed in 2001 added a 50% tax credit on the first \$1,000 of fees paid to establish or administer your retirement plan, or up to \$500 in tax credit. This new credit for tax years beginning in 2002 and is available to small employers for costs incurred for plans that are in their first three years of operation. A small employer is one with 100 or fewer employees. The cost of your IRS submission is an eligible administrative expense for this credit. You should check with your accountant about this tax credit if your plan was established in or after 2000.

**Q: Will my plan be eligible for the waiver of IRS submission fee?**

If your plan started on or after December 9, 1989, the IRS will waive the IRS fee for submission of your plan for qualification, as long as it is submitted within the GUST remedial amendment period, generally until September 30, 2003.

**Q: Are all types of plans submitted to the IRS?**

Individually designed plans and volume submitter type plans should be submitted to the IRS. If you have a prototype plan, a Standardized plan is usually not submitted to the IRS. However, in general, we recommend that a Non-Standardized plan should be submitted to IRS so that your plan gets it's own individual IRS letter.

There are four major differences between a Standardized and Non-Standardized Prototype. Non-Standardized Plans allow you to exclude:

- 1) Employees by class, such as employees at a certain plant or division.
- 2) Employees who don't work 1,000 by hours each year
- 3) Employees who have terminated prior to the last day of the plan year
- 4) Certain types of an otherwise eligible participant's compensation for purposes of calculating the company contribution

These exclusions in a Non-Standardized plan can reduce the contribution required by an employer for some employees who may be part time, seasonal or terminate employment prior to the end of the plan year. In some cases, these provisions may also allow distributions to be processed for terminated participants prior to the end of the plan year in which they terminate. If an employer is not receiving any economic gain by these exclusions, they should consider changing their document to a Standardized prototype, which is less expensive to maintain and does not require IRS submission.

# New Blackout Notice

The 2002 Sarbanes Oxley Act requires that employees be notified in writing at least 30 days in advance of any "blackout" period, longer than 3 business days, which occurs after January 26, 2003.

"Blackouts" are periods in which a participant is unable to exercise certain rights which are otherwise available. These rights may include directing investments, obtaining a loan or obtaining a distribution from the plan.

The "blackouts" may result from changes in investments, or changes in a third party administrator.

If you anticipate that a blackout may apply to your plan, plan participants must be notified at least 30 days prior to the beginning of the blackout.

Contact The Pension Specialists, Ltd. for further information.

## When should 401(k) deferrals be deposited?

An employer should deposit into the plan the 401(k) deferrals withheld from an employees paycheck 'as soon as administratively feasible'. What does this mean? Many employers have been confused because both the IRS and the

Department of Labor (DOL) have issued regulations that imply there may be a longer time to make the deposits. We recently had a client who was penalized by the DOL for any deposits made over 7 days after deduction from the employee paycheck. Another client was held to a standard of 2 days by the DOL where some deposits were made within 2 days, and others were made 5 to 10 days after payday. The Pension Specialists' position, consistent with the DOL & ERISA, is that money withheld from a paycheck is a plan asset and must be deposited into the trust as soon as possible.

The PensionSpecialists, Ltd.

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ADDRESS CORRECTION REQUESTED

## About The PensionSpecialists,Ltd.

The Pension Specialists, Ltd. is an independent retirement plan administrator. Our mission is to provide the highest quality services to assist clients in reaching their objectives

Formed in 1987, we have grown to service over 930 employer retirement plans, with services covering over 25,000 plan participants with over \$350 million of retirement plan assets. We consult with clients to implement plans

Formed in 1987, we have and proactively service our clients to maintain interactive communication, maximize benefits and solve problems. Our in-house staff performs all plan administration.

The Pension Specialists, Ltd. provides services to many well known companies, which include Broker Dealers, Investment Firms, CPA Firms, Law Firms, Medical Groups, Hospitals, Engineers and Retail Businesses.

For more information about The Pension Specialists, Ltd., contact us at 815.394.5500 or at 800.963-5501.

### *ThePensionSpecialists, Ltd Services*

#### **Administration Services, con't**

- Actuarial Valuation
- Government Filings
- Termination Services
- Human Resource Administration

#### **Payroll Administration**

#### **Communication Services**

- Group Orientation Meetings
- One-on-One Enrollments
- DOL 404(c) Compliance
- Employee Booklets

