

TPS pensioninsider.com newsletter

PROVIDING SUPERIOR SERVICE AND SUPERIOR ADVICE

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

National Service Center

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 Rockford, IL 61108
 P.O. Box 4247
 Rockford, IL 61110-0747
 Tel: 815.394.5500
 Natl. Toll Free: 800.963.5501
 Fax: 815.399.9324

www.pensioninsider.com

Non-Affiliated Service Center

(Separate, unaffiliated corporation)
 13747 Montfort Dr., Ste. 350
 Dallas, TX 75240
 Tel: 972.385.0054
 Natl. Toll Free: 800.464.8805

New regulations require 2006 amendment for all 401(k) Plans

(See implementation timeline on back.)

All 401(k) plans must be amended in 2006 in order to comply with final regulations under Sections 401(k) and 401(m).

Some of the areas that are reflected in this amendment include:

- Clarification of compensation, including issues with compensation paid after severance of employment
- Hardship withdrawals – to reflect the new additions to statutory safe harbor withdrawals, including funeral expenses and natural disasters
- Necessary language for certain discrimination testing, and “fixes” such as QNEC’s (Qualified Non-Elective Contributions) and QMAC’s (Qualified Matching Contributions)
- Language clarifying restrictions on distributions
- Clarification that service must

be counted for a rehired participant who has been terminated for more than 5 years where a 401(k) contribution account has been maintained

- Language reflecting the changes in timing of contributions

The Pension Specialists, Ltd. will be sending out a package with more information on this amendment to all our 401(k) plan customers.

This package will include all the necessary documents to comply with IRS requirements, including:

- Signature-ready amendment to your 401k plan
- Sample Board Resolution
- Summary of Material Modifications which must be distributed to all plan participants

If you have any questions about this upcoming amendment, please call Customer Service at 800.963.5501 Extension 103.

The Pension Specialists, Ltd.

Retirement Plan Third Party Administrator



Administration Services

- *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*

Timeline for Required 2006 401(k) Plan Amendment

The law requires that these amendments be signed no later than the last day of the 2006 plan year.

Week of August 21

You will receive a letter with information regarding 2006 amendments required by IRS regulation for all 401k plans

Week of September 15

Explanation of choices with an election page regarding choices will be mailed to clients.

Week of October 15

“Signature-ready” amendment package prepared per your elections will be mailed to all 401(k) plan clients for signature

Before December 31, 2006

- Signature date for all 401k plans to have signed the required amendment to comply with IRS regulation. We would like these returned to us before December 1, 2006.
- Employer must distribute post amendment notice and distribute to all plan participants.

Failure to adopt these amendments on time results in plan disqualification. The process to correct this failure costs over \$3,000!!!!

About ThePensionSpecialists,Ltd.

ThePensionSpecialistsLtd. 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 and proactively service them with interactive communication aimed at

maximizing benefits while solving problems. Our in-house staff performs all plan administration.

ThePensionSpecialists,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 us, access our website at www.pensioninsider.com, or call us at 815.394.5500, or toll free at 800.963.5501.



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