

TPS pensioninsider.com newsletter

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- 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 61110-0747
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 Natl. Toll Free: 800.464.8805

The Pension Specialists, Ltd.

Retirement Plan Third Party Administrator



ALERT-Amendments Required for 2007 Plan Year

As has been the case for the past 20 years, the IRS has again given short notice for some required plan amendments. Recent IRS guidance posted on their website indicates that an interim amendment should be adopted for all plans prior to the end of the plan year beginning in 2007. For calendar year plans, this amendment should be adopted no later than December 31, 2007.

This model language just became available, and time is running short. The Pension Specialists, Ltd. will be sending a signature ready amendment package to adopt prior to year end to our plan document customers.

Areas which require amendment due to several recently issued regulations, include:

- Final Regulations under Section 415, including revised definition of compensation
- New Regulation added for Section 411(d) as a result of the 2004 U.S. Supreme Court Heinz case
- Normal Retirement Age definition due to recent revisions in Section 401(a) regulations
- For 401(k) plans with the Roth

feature, final Roth regulations require an additional amendment

- Excess deferral gap period income for 402(g) final regulations

How does this affect your plan?

Amendments for defined contribution plans, including profit sharing, 401(k) and money purchase pension plans:

- Clarification of compensation, including issues with compensation such as sick pay, and vacation pay paid after severance of employment,
- Section 411(d)(6) anti-cutback provision or protection of accrued benefits
- Restorative payments are not annual additions
- Grandfather prior years use of compensation in excess of 401(a)(17)
- Roth provisions provide that eligible rollover distributions from a participant's Roth Deferral Account are separately taken into account in determining whether the total amount of the participant's account balances exceeds \$1,000 for purposes of mandatory distributions.

Administration Services

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

Communication Services

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

ALERT – Amendments required for 2007 Plan Year, continued

Amendments for defined benefit pension plans are extensive and include:

- Grandfathering of pre-existing benefits
- Section 411(d)(6) anti-cut-back provision or protection of accrued benefits
- Dollar limits for commencement of benefits prior to ages 62 and 65
- High 3 year compensation required to be calculated excluding years not working and receiving no compensation
- Rehired employees compensation limit
- Automatic benefit increase features
- Safe Harbor to annual adjustments to distributions
- Severance from employment and compensation limits

- Vesting schedule anti-cut-back provisions

The Pension Specialists, Ltd. will be sending out a package with this amendment to all our plan customers.

This package will include all the necessary documents to comply with IRS requirements and be adopted prior to the 2007 plan year end, including:

- Signature-ready amendment
- 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.

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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ThePensionSpecialists, Ltd. continually stresses the importance of issues such as those published in this newsletter. Our specialists make every attempt to share such information directly with our clients through a variety of means including our website and broadcast emails. This newsletter is published as general information and is not intended to constitute legal advice in any manner. Specific information related to these topics can be obtained from the DOL and IRS websites.

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