



**PENSION  
PLAN  
SERVICES**  
INC

# Fall Lineup

September  
2008

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## EGTRRA Restatements

All retirement plans are required to be restated in their entirety for the Economic Growth and Tax Relief Reconciliation Act of 2001. This restatement incorporates legislative changes reflected by “tack on” amendments sent to you over the past several years into a new document as mandated by the IRS and DOL.

The deadline for the restatement is **April 30, 2010**. Although this may seem a long way off, we need to begin the process to accommodate otherwise busy schedules and deadlines. Since all plans must be restated, we will take this time to discuss plan design details and incorporate any desired changes other than those required by the Act.

All plan sponsors will be receiving a letter with information regarding the restatement process in the upcoming weeks. – *Kristine Creighton*

## Proposed Fee Disclosure Regulations ready for 1/1/09?

The Employee Benefits Security Administration (EBSA) has proposed regulatory procedures governing fee disclosures in three categories; Plans to regulators and the public; Providers to Plan Sponsors; and Plan Sponsors to Participants. With increased responsibility on participants to make their own retirement savings decisions, it has become a concern that participants may not have access to or be considering critical information such as investment choices, fees and expenses.

The DOL proposes required notices of basic information when a participant becomes eligible, and every year after that. The notice would include available investment options, how to change investments, fees and expenses, charges against the participants account for loans, distributions and other.

In addition, the plan would disclose to participants the actual dollar amount charged to the account on a quarterly basis.

It is yet to be seen if regulations will be final prior to 1/1/09, but we do anticipate notice requirements regarding fee disclosure in the near future.

–*Kristine Creighton*

## Reminders...

...Extended calendar year end plans have until October 15, 2008 to file their IRS Form 5500.  
...Calendar Year Safe Harbor notices will be coming in November.

## Maggie Gustafson-Horvath

One of the founders of Pension Plan Services succumbed to her battle with Leukemia on August 19, 2008. Many of you worked with her as the investment advisor on your plan prior to her taking retirement to focus on treatments. She will be missed and fondly remembered.

## Cedar Rapids Office

Our downtown location in Cedar Rapids, IA was completely destroyed by floods in June. The building is being refurbished and we hope to reoccupy our same office location by end of September or October. All correspondence and phone calls have been routed to West Des Moines.

*“Prophet Sharing”...*

*For everyone who asks, receives. Everyone who seeks, finds. And the door is opened to everyone who knocks.*

*Luke 11:10*

*Continued...*

### **Required Minimum Distributions (RMD)**

Required Minimum Distributions letters will be sent in October. These letters will be directed to 5% owners and terminated participants over the age of 70 ½. All other participants who have reached age 70 ½ have the option of taking their RMD but only if the Plan allows for In-Service Distributions.

The deadline for the RMD is December 31, 2008. If 2008 is the first year the participant is required to take their RMD, then the deadline is extended to April 1, 2009. However, if the participant delays their distribution until April 1, two distributions in 2009 will be necessary (one by April 1 and one by December 31). –Missy Lucas

### **Who is your Beneficiary?**

When a participant initially enrolls in the company's retirement plan, they are asked to name a beneficiary. Many times, this is the last time they ever think about it. However, as a Participant's life circumstances change this designation needs to be reviewed. Marriage, divorce, birth of a child or death of a spouse are all situations that should trigger a review of a Participant's beneficiary designation.

**Q.** If a participant remarries, can they name their children as beneficiaries of their plan assets?

**A.** Yes, if the new spouse consents. When a participant remarries, under ERISA, the participant's new spouse becomes the beneficiary of the plan unless they consent in writing to the naming of another beneficiary.

**Q.** May a pre-nuptial agreement allow the participant to name another beneficiary for the plan assets?

**A.** Generally, NO. A pre-nuptial agreement is signed *before* the individual becomes the spouse and is given protected status. Thus, there was never spousal consent as required by ERISA.

**Q.** What does the phrase "per stirpes" mean in terms of a beneficiary designation?

**A.** Participant David dies. Harry, Sally and George are designated beneficiaries "per stirpes" and are thus each entitled to 1/3 of the vested account value. However, if George dies before David his 1/3 will be divided equally among George's children.

**Q.** What does the phrase "by representation" mean?

**A.** Participant David dies. His three children, Harry, Sally and George, are named beneficiaries "by representation" and are each entitled to 1/3 of the vested account balance. However, if Harry and Sally predecease David, Harry's two children and Sally's five children would equally divide the 2/3 that would have gone to Harry and Sally.

**Q.** What does the phrase "per capita" mean?

**A.** If Harry, Sally and George are beneficiaries "per capita" then only those beneficiaries who are alive at the time of the participant's death will share his vested benefit. Thus, if George predeceases the participant, Harry and Sally would each get half of vested account value. – Karen Hook

*PPS Mission: To personally and professionally engage with clients to provide services that positively impact their business and employees.*

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*Thank you so much for your business*