



Plan Sponsor

Outlook

A Current Issues Resource for Plan Sponsors and Administrators 4th Quarter 2009

2009 Interim Amendment Packages Have Been Sent to Clients

The Internal Revenue Service (“IRS”) requires that the ADP Prototype Plan document be amended periodically to reflect certain changes in law and regulatory guidance. Between late November and early December, ADP Retirement Services (“ADP”) sent a 2009 Interim Amendment package to all clients. The package includes the following:

- A 2009 Interim Amendment to the ADP Prototype Plan. The primary purpose of the 2009 Interim Amendment is to amend your Plan to reflect the provisions of the Pension Protection Act of 2006.
- A Summary of Material Modifications (“SMM”) reflecting provisions of the 2009 Interim Amendment that are not already reflected in your Plan’s Summary Plan Description or prior SMMs.
- An additional amendment to the ADP/ACP Test Safe Harbor provisions of the ADP Prototype Plan adopted by ADP at the request of the IRS. This amendment, effective January 1, 2010, eliminates language that permits a plan that intends to use the ADP/ACP Test Safe Harbors to instead perform ADP/ACP testing for a plan year if the plan sponsor fails to distribute a timely Safe Harbor Notice.

The Amendments in the 2009 Interim Amendment Package have been adopted on behalf of all clients by ADP as sponsor of the ADP Prototype Plan. You should review them and file them with your Plan document. You will need to distribute the SMM to all currently-eligible employees and Plan participants (including terminated, vested participants) with an account balance, as well as to alternate payees and beneficiaries with an account balance under the Plan. You will also need to distribute the SMM with your current

Summary Plan Description to your employees as they become eligible to participate in your Plan.

Additional, important information is included with the 2009 Interim Amendment package, particularly for plans that converted to ADP on or after January 1, 2007 and implemented any of the PPA provisions differently before converting to ADP than how those provisions were implemented under the ADP Program. Please review this information carefully, as you may need to take certain actions by December 31, 2009, in this situation.



Retirement Services

Experience. Working for you.®

Version 1

Let Our Education Specialists Maximize Your Plan's Effectiveness

Did you know that ADP has 31 Education Specialists who are trained to educate your employees about saving for retirement and helping to maximize enrollment in your 401(k) plan? Our Education Specialists¹ have the flexibility to meet on-site, via a teleconference or through a Webinar.

Here's just a few ways our Employee Specialists can maximize the effectiveness of your plan. An Education Specialist can:

- Increase plan participation rates which, in turn, increases the likelihood of your company passing its annual Internal Revenue Code non-discrimination testing requirements.
- Demonstrate how the plan participant Web site and automated phone system can answer participants' questions so you can focus on your core business.
- Offer timely retirement savings tips to help your employees prepare for a secure retirement.²
- Increase participant contribution rates.³

Employee education meetings are most successful when our Education Specialists can see the highest number of employees. To increase interest in your education meetings, we offer a number of tools, including posters and email messages. Once your employees attend the meeting, our Education Specialists will do the rest.

If you would like to be contacted by an Education Specialist please send an email to: participant_education@adp.com. In your email include your plan number, contact name and phone number. An Education Specialist will get back to you within four business days. The Education Specialist will also notify your financial advisor if you have one. ■

Plan Administration – 2010 Updates

We are pleased to provide our annual update to a valuable tool to help you with the ongoing administration of your company's retirement plan. ADP Retirement Services' Plan Administration Manual explains the services we provide and describes how to work with ADP Retirement Services and utilize our administrative services, from processing enrollments to reviewing the results of various compliance tests.

The 2010 Plan Administration Manual will be available on the ADP Plan Resource Center (formerly known as Plan Sponsor Web site) in early January 2010. To access the 2010 Manual, go to our home page www.mykplan.com, select "Plan Information" from the menu bar, and click on "Plan Documents."

While many of the changes in the 2010 Plan Administration Manual incorporate updates sent to our clients over the past year, there are some new additions as well. Highlights of the updates reflected in the 2010 Manual include:

- Compliance updates, including a change to the frequency of periodic compliance testing, information regarding new Form 5500 electronic filing requirements, and the new Schedule C requirements for reporting service provider compensation
- Updates regarding ADP Payroll processing, for ADP Payroll clients
- Clarification of controlled group rules and the requirements for using a standardized adoption agreement
- Eligibility rules for rehires and employees moving from an excluded to an eligible class
- Updates regarding Post-Severance Pay
- Updated procedures for plans with an automatic enrollment feature
- Updated QACA procedures and explanation of QACA requirements reflecting final IRS regulations (including updated procedures for processing permissible withdrawals under a QACA)
- Updated stale check processing procedures
- Updated discussion of Safe Harbor plan requirements (including an updated discussion of procedures for suspending or reducing Safe Harbor employer contributions)
- Updates to the process for delivering participant confirmation statements for transactions on the Participant Web site.

Please remember, the Plan Administration Manual is not intended to give you legal or tax advice, or to be a complete description of your role and responsibilities as a Plan Administrator. ■

¹ Education Specialists are registered representations of ADP Broker-Dealer, Inc., an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ; Member FINRA, SIPC.

² Education Specialists cannot offer tax, legal or investment advice.

³ "Value Proposition Study - March 2008" conducted by Chatham Partners

Online Statements Available on the Participant Web Site

Plan participants are now accustomed to accessing their quarterly participant statement online via the participant Web site. In doing so, they have ready-access to their account information in a safe, more secure, “green” way. New participants are reminded in their welcome letter that account statements are available via the Web site. On an annual basis, they’ll also be reminded that they can elect to have a paper statement mailed to their home. To further assist with managing their account, we’ll send a reminder email to any participant that has provided an email address when their statement is ready for viewing on the Web site. This process will begin with the December 31, 2009 quarterly statement. To help facilitate this “green” initiative we encourage you to remind your employees to access their accounts on the Web site and provide an email address. ■

401(k) Plan Limitations for 2010

401(k) Maximum Participant Deferral	\$16,500*
(*\$22,000 for those age 50 or over)	
Defined Contribution Maximum Annual Addition	\$49,000
Highly Compensated Employee Definition	\$110,000
<i>(Highly Compensated Employee for 2010 plan year under the ADP Prototype Plan is any individual who earned more than \$110,000 in 2009 and was in the top 20% highest paid group of employees in 2009. Please refer to Chapter 2 in the Plan Administration Manual for more detailed information on how to calculate the top 20% highest paid group.)</i>	
Annual Compensation Limit for Determining Benefits	\$245,000

New Developments – 2009 Form 5500 Filings

How will the New 2009 Electronic Filing Delivery Method (EFAST2) affect your Form 5500 Filing?

EFAST2 is the all electronic system replacing EFAST beginning on January 1, 2010. EFAST2 permits Form 5500’s to be completed, signed, filed and processed using electronic versions of all forms and schedules. In addition, EFAST2 facilitates public disclosure of Form 5500s by posting all filings on the DOL Web site.

Beginning with Forms 5500 filed for a plan’s 2009 plan year, all qualified retirement plans will be required to file their Form 5500’s, including any required schedules and attachments, electronically using EFAST2 beginning in 2010. If ADP prepares Form 5500 for your Plan, ADP will continue to prepare your Form 5500 and related schedules as always, for anticipated delivery by June 30, 2010.

However, before a Form 5500 can be electronically signed and submitted using the EFAST2 system, individuals required to sign your Plan’s Form 5500 filing will need to register for electronic credentials on the DOL EFAST2 Web site, which will be accessible starting in January 2010. Frequently asked questions (FAQ’s) on the EFAST2 Credential Process can be found on your Plan Resource Center, under the Compliance tab.

The transition from EFAST and paper filing to mandatory EFAST2 electronic filing will result in significant changes in procedures as it relates to the signing, submission, processing and disclosure of your Form 5500. ■

ADP will be making you aware of these changes with more details on your Plan Resource Center Web site, specifically the Compliance pages, as the delivery of the forms packages begin. Additionally, ADP will be offering to our Clients a state-of-the-art tool to e-file forms quickly and easily. There will be more to come on this tool and the e-filing process in upcoming newsletters and client communications.

What other major developments may affect my 2009 Form 5500 Filing?

In addition to EFAST2, there have been a number of revisions to the 2009 Form 5500 & Related Schedules Package. All of ADP’s Clients will be made aware of these changes in the 2009 Form 5500 Guide that will be available on the Plan Resource Center in the spring of 2010.

A significant change to the Schedule C relating to reportable compensation and fees has occurred, affecting plans with more than 100 participants who must file a Schedule H and get an independent auditor’s opinion (large plan filers).

If your plan is considered a large plan filer for 2009, ADP will be reaching out to you with further details and instructions on this new DOL requirement as ADP moves forward with gathering all data necessary to produce the most complete and accurate 2009 Form 5500 (specifically Schedule C), as possible. ■

Plan Sponsor's Quarterly Calendar

Consult your plan's counsel or tax advisor regarding these and other items that may apply to your plan.

JANUARY

- Year-end compliance testing for plan year 2009 begins. Compliance reports will be available on the Plan Resource Center under the Compliance tab.
- Submit 2009 year end testing revisions following the instructions in the Year End Testing Guide on the Plan Resource Center under the Compliance Tab.
- Complete and electronically submit your 2009 IRS/DOL 5500 Required Data Update (RDU), available on the Plan Resource Center under the Compliance Tab.
- January 22—Last date to submit 2009 Web Direct or SDL file to have test run timely. If not submitted by this date, then call Client Service Department to alert them to the transmission of the file when it is sent.
- Obtain EFAST2 Credentials (necessary for electronically filing the Form 5500 later in 2010).

FEBRUARY

- February 12—Last day to submit early refund requests if no further changes or 2009 contributions are necessary.
- February 26—Final due date to submit changes to 2009 year-end compliance test.
- February 26—Deadline to return the 2009 Qualified Contribution Request form to request a QNEC or QMAT be made instead of refunds.
- February 26—Deadline for notifying ADP if you do not want your refunds processed by March 15. Note that if the refunds for failed ADP or ACP tests are not processed by March 15, your company will be responsible for a 10% excise tax.

MARCH

- March 5—Deadline for submitting employer contribution authorization to have contribution processed by March 15. Check with your accountant as to the timing of making the contribution since the deadline is tied to the filing of your tax return for the 2009 corporate fiscal year.
- March 15—2009 compliance test refunds will be processed by this date (if applicable). Refunds will be mailed by end of March.
- March 31—By your last payroll submission in March, enter compliance codes for 2010. SDL and Web Direct clients must submit compliance information (including compensation) with a March 31 check date to be reflected in the March 31 periodic tests.
- Obtain EFAST2 credentials if not obtained earlier this year.

Web Resources

Internal Revenue Service, Employee Plans
www.irs.gov/ep

Department of Labor,
Employee Benefits Security Administration
www.dol.gov/ebsa

401(k) Help Center
www.401khelpcenter.com

BenefitsLink
www.benefitslink.com

Profit Sharing/401(k) Council of America
www.pzca.org

Employee Benefits Institute of America, Inc.
www.ebia.com

Employee Benefit Research Institute
www.ebri.org

ADP Plan Resource Center
www.mykplan.com/sponsor

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