

# Plan Administrator Reminders...

## 2009 – EFAST2 IS HERE

Beginning with the 2009 plan year filing, ALL Form 5500 submissions (other than Form 5500-EZ for “single participant” plans) must be made **electronically**. **Since this is the first year it is imperative that you return the asset and census data we requested as early as possible.**

The new filing procedures will also require each Plan Sponsor to secure electronic “credentials”. We will forward further information to you on exactly how this will be done once we receive guidance from the U.S. Department of Labor.

## REQUIRED MINIMUM DISTRIBUTIONS

For 2009 ONLY, the Required Minimum Distributions (RMD) normally due from certain Defined Contribution Plans (401(k), Profit Sharing, Money Purchase, etc.) to participants age 70½ or older were **suspended**. However, beginning with the 2010 year such payment must again be made.

Defined Benefit Plans are **NOT** exempt and must make RMDs for 2009.

**Who:** Owners of more than 5% of the Plan Sponsor (so-called “5% owners”) and their family members, as well as non-owners age 70 ½ or older who have terminated employment must receive an RMD.

**When:** Annual payment due by December 31 each year beginning with the year participant attains age 70½; first such payment due by April 1 of the following year, annually thereafter.

**Flag:** Active Employees who are not 5% owners who work beyond age 70 ½ and then terminate are owed an RMD for that year and must receive this first payment by April 1 of the year following the year they terminate. **Please notify us IMMEDIATELY if any of your employees terminate employment and are age 70½ or older.**

## BENEFICIARY DESIGNATIONS

Every participant in a qualified retirement plan should complete a Beneficiary Designation Form for death benefits payable under the plan. For married participants the spouse must generally be the primary beneficiary unless a spousal waiver is properly signed. **Participants whose marital status changed (e.g., divorce, marriage, etc.) must complete an updated Beneficiary Designation Form.**

## PARTICIPANT LOAN DEFAULTS

In general, participants who cease making required loan repayments are considered in default if payments are not made up by the end of the calendar year quarter following the calendar year quarter the last loan repayment was made. Defaulted loans are taxable distributions and are also subject to a 10% early distribution penalty tax for employees under age 59 ½ at the date of default. **Such loan defaults must be reported on Form 1099-R by the January 31<sup>st</sup> of the year following the year of default.**