



"We're Going Green"

WHAT'S NEW ...

• Our "Going Green" Letter

We are asking all of our clients and contacts to join in our efforts to provide you the safe delivery of private and confidential information by Secure Email. Of course, this effort also preserves our environment for future generations, a very important concern for everyone.

To read a sample of this letter go to following link: <http://www.schlossco.com/gogreen.html>

• Electronic Data Requests

In our continuing effort, "Going Green", Schloss & Co, LLC will be sending the 2010 plan year data request packages electronically using the email address you have supplied us. For plans covering ten (10) or more participants this will allow you to safely and securely transmit your employee census using one of two methods:

- **Zixmail:** through this secure encrypted email service you will receive an email request for the data and reply with an Excel spreadsheet attachment via return email.
- **Web "download":** through our secure web uplink, www.kplanlink.com, you can export your employee census directly into our on-site system. Detailed instructions are automatically provided to clients that want this option.

Plans covering under ten (10) participants will continue to receive hard copy data requests unless they request otherwise. Please contact your Retirement Plan Consultant, if you have any questions or would like to change your data request method.

• EGTRRA Defined Benefit Plan Restatements

All qualified plans must be periodically restated. This is an IRS requirement to maintain the tax-qualified status of the plan. When a plan document is restated, amendments and tax law changes since the last plan document was signed must be incorporated into a new plan document. The last restatement (referred to as "GUST") was completed between 2001 and 2003. The IRS requires that Defined Benefit Plans be restated to incorporate the provisions of the Economic Growth and Tax Relief Reconciliation Act ("EGTRRA"). Generally, Defined Benefit Plans must be restated by April 30, 2012. Cash Balance Plans are subject to a five-year EGTRRA restatement schedule based on your EIN. If you sponsor a Cash Balance Plan it may already have been restated for EGTRRA.

We will be contacting clients with Defined Benefit Plans over the next few months regarding the restatement process.

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UPDATED 2011 EMPLOYEE BENEFIT INFORMATION

IRS has announced the 2011 employee benefits plan limits which are shown below in comparison with the 2010 figures.

2011 Value	2010 Value	
\$ 16,500	\$ 16,500	Maximum elective deferral under 401(k), 403(b) and 457(b) elections.
\$ 5,500	\$ 5,500	Maximum "catch-up" elective deferral for employees age 50 and over under 401(k), 403(b) and 457(b) elections.
\$ 49,000	\$ 49,000	Maximum participant allocation under all defined contribution plans, including 401(k), matching, profit sharing, etc. Total allocation cannot exceed 100% of compensation.
\$ 245,000	\$ 245,000	Maximum compensation allowed for determining benefits, contributions and tax-deductible contributions for all retirement programs.
\$ 195,000	\$ 195,000	Maximum annual lifetime benefit allowed to be paid in a defined benefit plan commencing anytime between ages 62 and 65.
\$ 106,800	\$ 106,800	Social Security Taxable Wage Base taxed at 6.2% for employers; 4.2% for employees in 2011.
No Limit	No Limit	Medicare Wage Base taxed at 1.45% on all wages.
\$ 110,000	\$ 110,000	Salary in current year to be considered Highly Compensated Employee (HCE) in subsequent year. More than 5% owners (and their family members) in prior or current year are automatically HCEs regardless of salary.

The above limits are increased only when the Cost of Living Adjustment (COLA) reaches the next rounded threshold. Certain figures are rounded **down** rather than up, and the increments are not uniform for all figures. Thus, some figures may change for a given year, while others may not.

DEADLINE REMINDERS

<u>Date</u>	<u>Action Required</u>
1/31/11	Distribute Form 1099-R to all recipients of 2010 distributions, including direct rollovers of lump sum payments to IRAs or other qualified plans, minimum required distributions and monthly pensions. File Form 945 to report any income tax withheld from 2010 distributions.
2/28/11	File Copy A of Forms 1099-R using transmittal Form 1096 (applicable only to forms that are mailed to IRS). Deadline for large defined benefit plans (500 or more) to pay PBGC estimated flat rate premium for 2011 calendar plan year (\$35/participant).
3/15/11	Distribute 401(k) contributions plus imputed earnings to the Highly Compensated Employees from 401(k) Plans that fail ADP/ACP Test for 2010 calendar Plan year. Amount distributed is taxable 2011 income. (For non-calendar plans, distribute within 2½ months of plan year end). Employer subject to 10% penalty tax on distributions after this date. Eligible Automatic Contribution Arrangement (EACA) 401(k) Plans have until 6/30/11 to distribute 2010 excess contributions and imputed earnings.
3/31/11	ESOP Diversification Requirement - An ESOP of non-publicly traded stock must provide qualified participants with an annual diversification election option 90 days after the end of the each year. An employee who has 10 years of service and has attained age 55 is a qualified participant. The annual diversification election permits participants to divest employer securities into other investment options. The amount of the participant's account balance subject to the diversification election is 25% at the end of the year for five (5) years, and 50% in the sixth and final year.
4/1/11	Pay out first Required Minimum Distribution (RMD) to participants who reach 70½ in 2010 and did not take the first payout by 12/31/2010. Second RMD due by 12/31/2011, with annual payouts thereafter. Participants with a valid TEFRA 242(b) election and non-owner employees born <i>prior to</i> July 1, 1917 may continue deferral of distributions until actual retirement. Non-owners attaining age 70½ in 1997 and beyond may also elect to defer, if the Plan document is properly amended and a valid deferral form (with spousal consent) is timely signed, until actual retirement. If 2011 Specific Adjusted Funding Target Attainment Percentage (AFTAP) has not been certified for calendar plan year Defined Benefit Plans, it will be "presumed" to be the 2010 AFTAP less 10 percentage points.
4/15/11	Distribute any 2010 salary deferrals in excess of \$16,500 (\$22,000 for employees age 50 or older) plus imputed earnings made to 401(k) Plans. Excess deferrals taxable as 2010 income and also 2011 income if distributed after April 15, 2011. Imputed earnings distributed in 2011 are taxable income in 2011. First Quarterly Contribution for 2011 due for calendar year defined benefit plans, unless notice is given to participants by 6/15/2011 or Plan is exempt.
4/30/11	2010 Annual Funding Notice must be distributed for <u>large</u> (over 100 participants) defined benefit plans with 2010 calendar plan year to plan participants, beneficiaries, union(s) representing participants and beneficiaries (if applicable), contributing employers (multi-employer plans only) and filed with PBGC, if applicable. Deadline for small defined benefit plans (under 100 participants) to pay 2010 calendar plan year full PBGC premium; medium (101-499 participants) and large (500 or more participants) plans to pay 2010 calendar plan year reconciled premium (from original 10/15/10 payment), plus applicable interest charges. Deadline for calendar plan year Defined Benefit Plans to distribute Benefit Restriction Notice to Participants if 2011 AFTAP (including "Presumed" AFTAP) is below certain thresholds.
5/15/11	Deadline for calendar plan year Defined Benefit Plans to notify PBGC if first required 2011 quarterly contribution not made.
9/15/11	Deadline to meet Minimum Funding Contribution Requirements for calendar plan year Defined Benefit Plans and Money Purchase Plans.
9/30/11	Deadline for calendar plan year Defined Benefit Plans for 2011 Specific Adjusted Funding Target Attainment Percentage (AFTAP).
10/15/11	2010 Annual Funding Notice must be distributed for <u>small</u> (100 or less participants) defined benefit plans with 2010 calendar plan year to plan participants, beneficiaries, union(s) representing participants and beneficiaries (if applicable), contributing employers (multi-employer plans only) and filed with PBGC, if applicable. Deadline for large defined benefit plans (100 or more participants) to pay 2011 calendar plan year full PBGC premium. Deadline to submit Forms 5500/5500-SF/5500-EZ for calendar plan year Defined Benefit and Defined Contribution Plans, with valid extension.
10/30/11	Deadline for calendar year Defined Benefit Plans to distribute Benefit Restriction Notice to Participants if 2011 Specific AFTAP is below certain thresholds.



Actuaries and Benefit Consultants
1400 Old Country Road, Suite 310, Westbury, NY 11590-5125 (516) 333-2800 Fax: (516) 333-2889 www.schlossco.com

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