

DEFINED BENEFIT PLAN PRE-APPROVED DOCUMENTS MUST BE RESTATED

As we have mentioned in earlier newsletters, various pension law revisions require all tax qualified retirement plans to be restated periodically to reflect the changed rules. Under the current IRS document updating system, pre-approved plans are restated once every six years and individually designed plans must be restated every five years. The vast majority of NRS clients use pre-approved plan documents and are therefore on a six year cycle. All Defined Contribution Plans had to be restated to reflect provisions of the Economic Growth and Tax Relief Reconciliation Act and subsequent laws - "the EGTRRA restatement", no later than April 30, 2010. It is now time to prepare for the EGTRRA restatement process for Defined Benefit plans, as preapproved documents must be restated no later than April 30, 2012. NRS will soon be starting this process and will be notifying its Defined Benefit clients accordingly.

FREQUENTLY ASKED QUESTIONS CONCERNING THE EGTRRA PLAN DOCUMENT RESTATEMENT PROCESS

1). Why do I need to restate my retirement plan?

IRS procedures concerning pre-approved plans require your plan to be restated in order to remain in compliance with changing rules governing qualified plans. The restatement incorporates new compliance language into the document that has been pre-approved by the IRS. These requirements are documented under the authority of Revenue Procedure 2007-44.

2). Should I consider any changes in my plan?

Now would be the perfect time to consider any changes in plan provisions that are not fully meeting employer goals. Suitable elective amendments can be included along with the required provision changes.

3). Should I file my restated plan with the IRS for a Determination Letter?

The determination letter process allows the IRS to review the terms of the plan document to ensure that it satisfies all the requirements of the law. If you have not changed the pre-approved document language, there is really no need to submit the plan for a determination letter, but IRS procedures permit you to do so. However, if language changes have been made in the pre-approved document, a determination letter assures you that the custom language is acceptable.

The IRS may charge a fee to review applications for a determination letter. Also, the firm preparing and coordinating the submission (such as NRS) charges a fee.

4). What do I give to participants in the plan?

Federal labor laws require periodic updates to the Summary Plan Description ("SPD") provided to participants. NRS restatements include a new SPD for participants. Additionally, if you opt to file with the IRS for a determination letter, you must post a Notice to Interested Parties which must be provided prior to the submission.

5). What is the deadline for my EGTRRA restatement?

All pre-approved Defined Benefit plans must be restated for EGTRRA by April 30, 2012. Defined Contribution plan EGTRRA restatements were due by April 30, 2010.

6). Can the restatement fee be paid from the assets of the retirement plan?

Yes, you may elect to pay the EGTRRA restatement fee from the plan.

7). Can I avoid the EGTRRA Restatement by going to another TPA firm?

No, this Restatement requirement is a Federal requirement and applies to all pre-approved Defined Contribution and Defined Benefit plans across the country.

8). Is the plan restatement fee tax deductible?

Although we are not licensed tax advisers, it is our understanding that this restatement fee, if paid by the plan sponsor, will be income tax deductible in the year paid. Please consult your tax adviser.

For more information or to request a proposal, please visit our website at www.NRServices.com, or for sales support, please contact:

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