

NRS CLIENT PORTAL UPDATE

In 2012 National Retirement Services, Inc. (“NRS”) announced that our NRS Client Portal was available online. The NRS Client Portal allows Plan Year End Data Collection, ongoing communication and pertinent retirement plan information to be immediately available at your fingertips any time, all of the time. The Portal provides an interactive capability to complete and process your Plan information online through a secure transmission. Additionally, it eliminates a vast amount of paper, while allowing operation in a more effective and efficient manner, including electronic record retention. We have hundreds of clients that have successfully transitioned to the NRS Client Portal for their Data Collection and Plan Census processing.

Here are some of the NRS Client Portal features:

The Portal is SSL Secured, which means messages and data files sent to and from the NRS Client Portal are encrypted and secure.

The Year End Data Collection is completed online with key information carried from year to year, reducing completion time.

The Plan Census can be completed online or imported, with information carried from year to year, reducing completion time.

Access to secure messaging for sending and receiving files and messages containing sensitive information.

Access to a secure Portal File Cabinet.

We strongly encourage you to immediately begin using the NRS Client Portal to complete your Year End Data Collection and census. For clients that have been using Easy Data Entry (EDE) application, EDE will be phased out and not supported for Plan Years ending after February 28, 2014.

For questions regarding the NRS Client Portal,

please contact your NRS Account Manager for more information.

401(k) PLAN PARTICIPANT LOAN POTENTIAL PITFALLS

The majority of employees in employer sponsored 401(k) plans have the opportunity to borrow from the plan, using their vested account balance as collateral for the loan, plus any other collateral the plan may require. Such loans represent a means of acquiring ready cash if the need arises and many participants see the transaction as one where they borrow from themselves. Plan sponsors permit the loans, subject to applicable federal law and regulations, in the belief that the existence of the loan program will encourage employees to make more substantial income deferrals into the plan.

While the existence of a participant loan policy represents a positive enhancement to a 401(k) plan, participants should be made aware of reasons why alternate financing arrangements may be preferable to a participant loan. The following items need to be considered before a participant selects his or her retirement plan as the source for a loan.

- Many plans have loan origination fees and monthly loan maintenance fees that may not be found in alternative loan sources.
- If the borrowing employee’s employment terminates for any reason, most plans require the immediate repayment of the loan or else it is deemed to be a taxable distribution. This, in turn, results in taxable income being declared at the same time the employee stops working for his employer and after the employee has spent the proceeds of the loan.
- For plans that earmark loans to the borrowing participant’s account, borrowing from the plan means that the assets representing the unpaid

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loan balance are not invested in securities that may earn more than the loan interest.

- The maximum loan period is five years per federal law, except for loans to purchase the employee's primary residence. An alternative longer term loan might be better for the employee.

Taking these items into considerations before making the decision to borrow from the employer retirement plan may reduce the number of participant loans and increase employees' retirement financial security.

NOVEMBER 2013 REMINDERS

November 15 – Form 5500/8955-SSA – Forms are due for Plan Years ending 1/31/2013 if they are on extension.

November 15 – Retirement plan employer contributions are due for corporate employer tax returns due November 15, 2013 covering the fiscal period ending 8/31/2013 and for the fiscal period ending 2/28/2013 that are on extension.

December 2 – Form 5500/8955-SSA – Forms are due for Plan Years ending April 30, 2013.

And don't forget that calendar year 2014 Safe Harbor notices for 401(k) plans with Safe Harbor provisions and automatic enrollment notices for auto enrollment plans are required to be distributed during the months of October and November.

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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