NATIONAL RETIREMENT SERVICES, INC.

WHEN YOU CARE ENOUGH TO SAVE THE MOST AND PAY THE LEAST!

On January 28, 2014, President Obama unveiled his retirement concept entitled "My RA" in his State of the Union Address. Since it has limited applicability to the current employer sponsored retirement plan system, it can only be considered as an adjunct to that system.

Currently, a large number of small American businesses do not have a qualified retirement plan for their owners or employees. But, we prefer to see the retirement glass as half full. This is because there are ample opportunities to create value added, tax preferred retirement vehicles for the benefit of both the small business owner and his/her employees.

What can employers do for themselves and their employees? Is there a high tech, secret method? Not really, but there is a guaranteed way to take the first step.

Start saving "*smart*" - Today! It is really as simple as that.

Mathematically, it is clear that **starting early, saving steadily, in a tax deferred manner**, is the path to a financially secure retirement. How early? If you start in your 20's, save steadily for 15 years and then stop and let your savings accumulate, you will easily outpace your neighbor who waits until his/her 40's and 50's and then tries to make up for lost time and lost dollars. The moral of the story is the power of compound interest, when coupled with the income tax advantages of a qualified retirement plan, which pairs a current income tax deduction with tax deferred growth.

Expediting the saving process is just what the Pension Protection Act ("PPA") did. It has been described as the most comprehensive re-write of the American retirement plan structure since the passage of ERISA in 1974. It increased the deduction limits for single entity employers which took effect in 2006. PPA also provided a statutory safe procedure for employers to offer automatic savings enrollment in defined contribution plans, for those who amended their retirement plan to provide for such features. Other PPA features allowed both the business owner and employees to save more, in a tax deferred manner. It is these types of features that take the inertia out of saving today, and obtaining a financially secure retirement.

On the other hand, **employers seeking larger contributions and deductions** may want to consider a defined benefit pension plan, or a combination of both defined contribution and defined benefit plans. They can experience the advantages of both types of retirement plan vehicles with an efficient "combined" administrative structure.

DEFINED CONTRIBUTION PLAN DOCUMENT RESTATEMENTS BEGIN IN 2014

You might ask, if PPA was signed into law in 2006, why are we mentioning it again, now? Well, pre-approved plan documents for defined contribution plans are likely to be released by the IRS in April or May 2014. This is part of an ongoing six year cycle for plans that use documents that have already been approved by the IRS before an employer adopts them. The six year "cycle" refers to a procedure adopted by the IRS that requires pre-approved plans to be updated and replaced once every six years. Without restating a defined contribution retirement plan (e.g. a profit sharing or 401(k) plan) for the PPA and other required amendments, the plan may not continue to retain its tax qualified status.

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Therefore, all defined contribution plans that use pre-approved plan documents will be required to restate these documents within the next two years. The exact timetable will be announced shortly by the IRS. We anticipate the deadline for adopting a newly approved plan restatement will be in April 2016, since the deadline for the previous cycle was April 30, 2010. Virtually all of the defined contribution plans where NRS assists in the documentation process are pre-approved and will need to be restated. At this point, the IRS has yet to issue “opinion letters” for the defined contribution documents submitted to it by vendors, but both the letters and the newly approved documents should be available in the coming months. NRS will be contacting affected clients concerning more details, including timing and cost of the restatement process when the information is available.

MARCH 2014 REMINDERS

- **March 15 –** Calendar year 401(k) plans must process corrective distributions for failed nondiscrimination tests to avoid being subject to a 10% excise tax. (Certain automatic enrollment plans have until June 30).
- **March 15** – Calendar year defined benefit plans may adopt an amendment retroactive to January 1, 2013. For example, an amendment improving 2013 benefit accruals would increase deductible contributions for fiscal 2013.
- **March 17 –** Forms 5500 series and Form 8955-SSA are due for Plan Years ending 5/31/13 if they are on extension.
- **March 17** – Retirement plan employer contributions are due for corporate tax returns due March 17 covering the fiscal period ending 12/31/13 and for 6/30/13 returns on extension.
- **March 31 –** Forms 5500 series and Form 8955-SSA are due for Plan Years ending 8/31/13 unless an extension applies.

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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