

2<sup>nd</sup> Quarter,  
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# Your Qualified Plan:

Updates, News, and Ideas

## Americans not Saving for Retirement

More than half of U.S. households have saved less than they should for a comfortable retirement, and 59 percent of Americans expect their standard of living in old age to be lower than it is now, according to studies released by a consumer group.

Families with higher incomes tended to have adequate savings, while only 23 percent of households with annual income between \$10,000 and \$25,000 had a sufficient cushion, the analysis released by Consumer Federation of America showed.

The analysis by Catherine P. Montalto, an economics professor at Ohio State University, found that job-

related retirement plans are the easiest way to build savings, helping assure adequate retirement savings for about 55 percent of people who participate in an employer-sponsored retirement plan such as a pension plan or the increasingly popular 401(k) investment plans.

"Retirement savings would dramatically increase if all workers had access to a retirement plan at work," Stephen Brobeck, executive director of Consumer Federation, said at a news conference. "Payroll deductions are the easiest way to save."

Of course, you already have a plan, so you're doing your part...

## New 5500 forms coming, Extension granted

The IRS and the Dept. of Labor have issued completely new versions of the form 5500 series. New changes include elimination of the form 5500 C/R and the addition of 5 new Schedules.

The final versions of the forms are only just now getting out! In view of the increased reporting required and the lateness of the release of the forms, the IRS and DOL has granted a blanket extension on the filing of 5500s until October 15, 2000.

Of course we are well on top of the intricacies of the new forms, and will be advising you of all pertinent details as we complete your form by the new deadline.

## “GUST” Postponed

As you may remember, we have written to you about the need to completely restate all qualified plans to take into account a series of law changes.

Previously, the deadline for all plans to be rewritten was around August, 2001. Now, the deadline is the last day of your plan year that begins in 2001. So, the *earliest* deadline is 12/31/2001.

The IRS may still require you to “certify” that you will in fact redraft your plan. We’ll let you know if there’s anything to be done.

## Did you know?

**...the average participation rate for 401(k) plans with under 500 eligible participants is 80%! Let us know if you’d like help in improving the participation rate at your company through education or improved design**

## Electronic Data

Some of you are receiving this newsletter via email. In keeping with the times, we are focusing more and more on electronic communication of data. The benefits of our using your keypunched data for your plan administration are really overwhelming – and there’s almost no downside.

This last quarter has seen a number of our clients move completely towards electronic payroll accounting for their 401(k) plan. This speeds up the time it takes for participants to “see” the money hit their account, and of course errors are greatly reduced. And, we wouldn’t need to request the “end of year census data”, because we would have it already!

Let us know if you’d like to improve your data flow. Better, if you haven’t already, write us an email and we’ll discuss it online. Write to [Guy@BenPlanInc.com](mailto:Guy@BenPlanInc.com)

## Online Manual

We have posted to our website a number of forms that can help you with your plan. What we have is an “online Administration Manual”, with instructions and forms for important events like distributions, loans, and deferral percentage changes.

Check out <http://benplaninc.com/documents.html>

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## “New Comparability” is Alive & Kicking!

We wrote last quarter about the heightened scrutiny tiered allocation plans were under. The most recent word from the IRS is that properly drafted and administered plans that use new comparability to pass tests will not be retroactively disallowed. So, we will have ample warning of any changes the Congress or the Treasury Dept. come up with, and of course we will help you maintain the best results.

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