BENEFIT PLANNING INC.

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Your Qualified Plan:

Updates, News, and Ideas

Dave Barry on Pensions

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It's tax time in America. I know this because I'm staring at documents that make no sense to me, no matter how many beers I drink.

Take, for example, my Keogh Plan. If you're wondering what a Keogh Plan is, the technical answer is: Beats me. All I know is, I have one, and the people who administer it are always sending me Important Tax Information. Here's the first sentence of their most recent letter, which I swear I am not making up:

"Dear David: The IRS has extended the deadline for the restatement of your plan to comply with GUST and various other amendments until, in most instances, September 30, 2003."

I understand everything in that sentence, up to "David." After that I am lost. Apparently I have until Sept. 30 (in most instances) to get my plan - no, sorry, the restatement of my plan - to comply with something (but what?) called "GUST." And of course various other amendments. But how do I do this? And what if I don't?… It does, however, say this: "You must adopt EGTRRA …." I am, frankly, reluctant to adopt anything called "EGTRRA," which sounds like the name of a giant radioactive chicken that destroys Tokyo.

The thing is, this letter isn't from the Internal Revenue Service…. It's from people on MY side, people who sincerely want to tell me something, probably important, about GUST and EGTRRA. But I won't even try to finish their letter.

I'll put it, with all the other tax documents that I do not understand, in a folder marked "Taxes," and I'll mail it to a guy I know named Evan. A few weeks later, he'll mail me back a tax return that I will sign and send along to the IRS without reading any part of it, except where it says, "SIGN HERE."

Our Response…

Sounds like Mr. Barry reads our letters! Seriously, we do sincerely wish to make important things easy to understand. Feedback like this, and feedback from you continually reminds and helps us recommit to clear communication.

Please don't hesitate to ask about anything that's ever unclear. We promise to make our practically unintelligible industry as clear as can be.

Have any of your Employees been called up for service?

Many employers now have employees who have been deployed to active military service. Under the Uniformed Services Employment & Reemployment Rights Act (USERRA), these employers must address the rights of employees upon reemployment.

Benefit Planning, Inc. is proud to help you help your employees that are serving bravely. Please do contact us, if you have need to address this issue.

"Late" 401(k) Deposits

The Dept. of Labor has renewed focus on the timeliness of employer deposits of payroll deductions. Some of the DOL enforcement lawsuits outline a standard of rapid contribution of employee deferrals – as quick as 5 days (!) from withholding. And many employers incorrectly make less frequent contributions of deferrals than every pay period.

There are (relatively) easy solutions available under DOL guidance. Please call Benefit Planning, Inc. if you'd like to discuss this.

Professional Money Management – Revisited

Historically, professional money managers nearly always handled retirement plan funds. With the increase in 401(k) Plans and Internet based Participant Directed Accounts, the last decade has seen a move away from managed accounts.

Participant direction has the advantage of increasing participation and satisfaction with a retirement plan. But, many employees feel overwhelmed with the responsibility.

In response, one solution is to offer the best of both systems: Participant direction, with the option of a Registered Investment Advisor to professionally manage the accounts *only for those Participants who so choose*.

This, in conjunction with increasingly robust investment education may soon be the standard that your employees expect.

Please contact us should you wish to investigate how to best optimize the investment options available in your plan.

"Credit Card" Plan Loans

New plan loan regulations issued by the Treasury Dept. allow for an innovative way to increase employee satisfaction with their benefit plan. Many investment service providers are working out the final details that would allow Participants to use a "credit card" to borrow money from their vested account balance in the Plan.

As Benefit Planning, Inc. strives to be "as 'electronic' as you want to be"; we embrace innovation as a key to our service to you.

Did you know?… According to a recent study, the average retiree today has approximately $165,000 in retirement savings at age 65.

The average health care costs ("Medi-gap" and other insurance) for that same average retiree is approximately $162,000. So, the average retiree today has only enough savings to fund healthcare and nothing more…. Sobering.

When people ask, "How much should I save?" our response is simply "More".

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