

WINTER 2011

## 2011 YEAR END RETIREMENT PLAN ADMINISTRATION

Phil Amshoff, CPA  
Director of Tax Services  
502.244.6427  
pamshoff@ddafcpa.com

Kathy Jaeger, CPA, MBA  
Associate Director  
of Employee Benefit  
Plan Administration &  
Consulting  
859.425.7620  
kjaeger@ddafcpa.com

Karen Davis, CPA  
Manager of Accounting  
& Business Compliance  
Services  
502.244.6424  
kdavis@ddafcpa.com

200 South 5th Street,  
Suite 201 South  
Louisville, KY 40202  
502.589.6050 phone  
502.581.9016 fax

106 West Vine Street  
Suite 600  
Lexington, KY 40507  
859.255.2341 phone  
859.255.0125 fax

[www.ddafcpa.com](http://www.ddafcpa.com)

As the year winds to a close, we wanted to take a moment to thank you for the opportunity to service your retirement plan this year and to share some information that we feel will be important to you as you administer your retirement plan.

### PLAN DOCUMENT RESTATEMENTS

Plan documents are required to be restated periodically to formally incorporate new regulations into the plan provisions. The restatement cycle is based upon several factors, including the type of plan and tax identification number. We are currently in the process of restating our plan documents. If you have adopted our prototype plan, you can expect to be receiving updated adoption agreements soon. If you are interested in making changes to your plan provisions, please contact us so we can incorporate the changes at this time.

### DEPOSIT RULES FOR EMPLOYEE CONTRIBUTIONS

The Department of Labor (DOL) requires that employee contributions (ie. pre-tax deferrals, Roth deferrals, post-tax employee contributions, participant loan payments) be segregated from the Company's assets as soon as is practicable, but no later than the 15th business day following the month in which amounts are contributed by employees or withheld from their wages. Employee contributions become segregated from the Company's assets on the date they are deposited (received) in the Plan trust account. Although the DOL provides guidance indicating that the 15th business day of the following month signifies the deadline for contributions to be remitted to the Plan, remittances that fall outside of the average length of time in which the Company remits contributions to the Plan can also be determined by the DOL to be late.

There is a safe harbor for small plans (generally, plans with less than 100 participants). If employee contributions are deposited into the plan by the 7th business day following the pay date, the DOL has agreed that the remittance will be deemed as timely.

There is no safe harbor for large plans (generally, plans with more than 100 participants). The DOL has been known to look at the Company's payroll tax deposit due dates to assist them in determining how quickly employee contributions can be segregated from Company assets. The premise is that if the Company can segregate other payroll deductions, such as payroll taxes, for remittance on the payroll tax due date, then the Company should also be able to segregate employee contributions withheld from their wages at the same time.

We recommend that management evaluate their process and incorporate procedures to ensure that employee contributions are remitted to the Plan as soon as possible, to meet the requirement that employee contributions be segregated from the Company's assets as soon as it is practicable.

### FORFEITURES

Plan forfeitures should be reallocated in accordance with the plan document and adoption agreement. You should be familiar with your plan's forfeiture provisions. As you make remittances to the plan, we recommend that you always check if there is a forfeiture balance in the plan. If your plan allows forfeitures to reduce employer contributions, you can direct the custodian/recordkeeper to apply the forfeiture balance against the remittance, thereby reducing the amount of remittance required by the employer. For most custodian/recordkeepers, applying the forfeiture balance against the remittance is as easy as checking a box.

### CENSUS REQUESTS AND CLIENT ASSISTANCE LISTS

For calendar year plans, we will send the census request spreadsheet and client assistance list to you in January 2012. After populating the census request spreadsheet, please take a few moments to verify the accuracy of the information provided in the spreadsheet by utilizing the following steps:

- Review the indicative data presented for accuracy (names, SSN, date of hire, date of birth, termination date, rehire date, etc.)
- Reconcile the gross compensation, pre-tax deferrals, Roth deferrals and matching contributions to the payroll reports for the year.
- If your plan allows pre-tax deferrals and Roth deferrals, make sure they are segregated and properly identified on the census request spreadsheet.
- Check that termination dates are included for all terminated employees.

The client assistance list will include a list of the information we need from you in order to complete the plan administration and Form 5500 for the year. We hope this client assistance list will make the process more efficient.



## REGULATORY LIMITS

	2012	2011
401(k) elective deferrals	\$ 17,000	\$ 16,500
401(k) catch-up contribution (employees 50 & older)	5,500	5,500
Annual limit on compensation	250,000	245,000
Annual addition limit for defined contribution plan	50,000	49,000
Social security wage base	110,100	106,800

## FORM 8955-SSA

Form 8955-SSA is the successor to Schedule SSA (Form 5500) and is used to satisfy the reporting requirements of section 6057(a) for plan years beginning after December 31, 2008. This new form is a stand-alone reporting form filed with the Internal Revenue Service.

A Form 8955-SSA need not be filed for a year if no information is required to be provided that year per the instructions for Form 8955-SSA.

The 2009 and 2010 required information may be combined on the 2009 Form 8955-SSA. The due date for the 2009 and 2010 information is January 17, 2012 and may not be extended.

We are currently working on completion of all required Forms 8955-SSA. If your plan has a Form 8955-SSA filing requirement and you have not yet received the form from us, you can expect to receive the form within the next few weeks. Please contact us if you would like to verify the filing requirement for your plan.

The matters discussed in this article provides general information only. You should consult with us about your specific situation before undertaking action based on such general information.

**DEAN || DORTON || ALLEN || FORD**  
PLLC

106 West Vine Street • Suite 600 • Lexington, KY 40507

FIRST-CLASS  
 U.S. POSTAGE  
**PAID**  
 LEXINGTON,  
 KY  
 PERMIT NO.  
 2247