



## PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

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### Upcoming Deadlines

**March 15, 2013**

December year end company tax returns are due.

Please send us your completed data request packet as soon as possible if you would like us to calculate contribution amounts for your CPA's tax return deadline.



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## Strategic Update

*Ideas, news and tips from Pension Strategies*

February 2013

### Fiscal Cliff Deal Effects Qualified Plans

The House and Senate have passed H.R. 8, The American Taxpayer Relief Act. The good news is that this Act does not reduce the tax incentives for qualified retirement plan contributions. There were two retirement savings provisions included:

- **Expansion of In-plan Roth Conversions:** The requirement that an account balance can only be converted to Roth if the amount is otherwise distributable is being eliminated. A 401(k), 403(b) or 457(b) plan which permits Roth elective contributions can allow any amount in a non-Roth account to be converted to a Roth account. This is a permanent provision, effective for transfers after December 31, 2012.
- **Extension of IRA Charitable Rollovers:** The \$100,000 IRA charitable rollover provision is being extended through 2013. A special rule will permit a rollover during January 2013 to be treated as a 2012 rollover. Also, individuals who took a distribution in December 2012 will be able to contribute that amount to a charity and count it as an eligible charitable rollover (provided it otherwise meets the requirements for an eligible charitable rollover).

The Roth conversion provision was used to offset the cost of delaying the automatic spending cuts for just two months, so the new Congress will need to act quickly to avoid across-the-board cuts. Expect to hear about additional legislation in the upcoming months.

### Alert: 401(K) Testing Time

It's time to perform the annual non-discrimination Average Deferral Percentage (ADP) test for your 401(k) plan. This IRS test compares the 401(k) contribution average for the Highly Compensated Employees (HCE) to the average for the Non-Highly compensated Employees (NHCE).



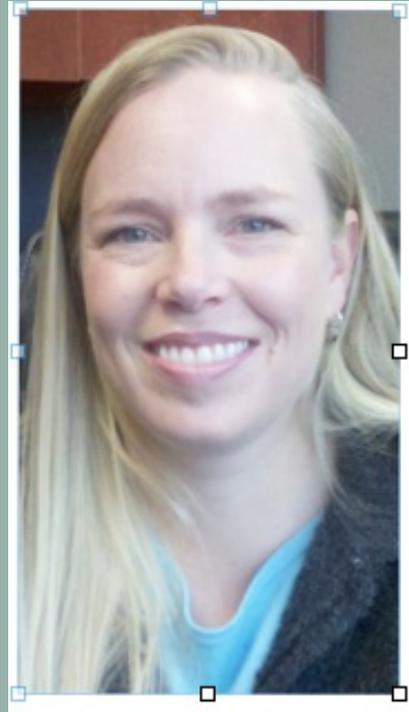
If the contribution rate for the HCE is "too high" then the IRS requires refunds of some of those contributions to bring the plan into compliance. The deadline for making any corrective refunds is March 15, 2013. Many investment firms require a few business days to process contribution refunds, so test results must be available by March 12, 2013.

*If your plan covers only owners or has a safe harbor feature this ADP test does not apply. Please be sure to call us if you have any questions as to whether this test applies to your plan.*

## Pension Strategies News

Congratulations to **Patricia L. Bowdler** who has met the requirements for the Qualified Plan Administrator designation, QPA. Patricia passed a series of six exams through the American Society of Pension Professionals and Actuaries, ASPPA, to obtain this prestigious credential.

Patricia is a Retirement Plan Specialist with expertise in administering a variety of plan types with an emphasis on defined benefit plans and combination defined benefit/defined contribution plans with more than 12 years of experience. Her Bachelors Degree in Mathematics with a minor in Actuarial Science from Northern Arizona University has served her well and so will her new "QPA" designation.



*To learn more about ASPPA and its importance to the private pension system please visit [www.asppa.org](http://www.asppa.org).*

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

**Sincerely,**  
Jack Lawless, CPA, APM  
Pam Johnson, QPA, CPC  
Jill Hastings, JD  
David Schattenberg, APA, Senior Consultant  
Mallory Young, Senior Consultant  
***And the entire Pension Strategies team***