



PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

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Upcoming Deadlines

March 15th, 2013

Return of excess 401k contributions from failed ADP tests.

Corporate Tax return filing or extension deadline.

Adoption of amendment for 2012 defined benefit contribution increase.

Extended due date for 5/31/2012 plan year end Form 5500.

March 31, 2013

Defined benefit 2013

Strategic Update

Ideas, news and tips from Pension Strategies

March 2013

ADP Test Strategies

On March 15th 401(k) 2012 Average Deferral Percentage test (ADP) results are due. If the ADP test fails, Pension Strategies takes multiple steps to correct it. Here's an overview of several fixes we can implement to bring your plan into compliance:

- IRS testing techniques including using a different definition of compensation for testing purposes, so employees with less than one year of service are not included.
- Cross-checking data reports to ensure employee status is correct.
- Ensuring all owner's family members receiving salary are reported.
- Potential reclassification of Highly Compensated Employees (HCE) over the age of 50.
- Converting self-employed spouse's company to adoption of your plan.

If all of these ideas still don't work, we calculate the "fix" which is one of two options:

1. Make a special contribution to the employees called a "QNEC" Qualified Nonelective Contribution. This contribution is allocated to Non HCE and functions like an extra employee contribution. It raises the Average Deferral Percentage for the employees just high enough to pass the test.
2. Distribute some contributions for the HCE from the plan or "refunded" to the HCE participant. Sometimes this option is less expensive than a QNEC and is the more popular of the two options.

After your 2012 ADP levels have equalized by one of these two measures, it's important to look ahead to 2013. Being proactive is a good way to set expectations and ensure that we help you optimize your 401k plan. Next month we'll provide some strategies to keep on top of your plan maintenance.

Alert: RMD Payment Deadline

AFTAP [Adjusted
Funding Target
Attainment
Percentage]
Certifications due.
Please send us your
2012 plan data
packet so we can
prepare this for you.



More About Us

April 1, 2013 is the deadline to withdraw the first Required Minimum Distribution [RMD] payment for participants who turned age 70 ½ during 2012. The amount of the RMD takes into account all of the individual's pre-tax accounts like IRAs, rollover accounts and qualified plan account. Please consult your CPA or other tax advisor if this requirement applies to you and let us know if we can help you with this calculation.



Pension Strategies News



Congratulations to Kara Petersen who has just obtained her Bachelor of Science in Business Administration degree from the University of Phoenix.

Many of you know Kara as a Retirement Plan Specialist with expertise in administering 401k and profit sharing plans for our clients. Kara is now pursuing her QKA [Qualified 401k Administrator] professional designation through ASPPA, the American Society of Pension Professionals and Actuaries.

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