



## PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

### In This Issue

[Feeling Secure About Retirement](#)

[Form 5500 Deadline](#)

[News from Pension Strategies](#)



Happy  
Summer!



### [More About Us](#)

## Strategic Update

*Ideas, news and tips from Pension Strategies*

June 2013

### Safeguarding Annual Returns

During the past year, we have noticed a slight rise in the number of annual returns (Form 5500s) selected for examination by the Department of Labor and the Internal Revenue Service. Although most returns are randomly selected, some are selected based on certain criteria reported on the plan's annual return. We have identified a few hot button areas likely to raise eyebrows:

- **Missing Fidelity Bond information** – Annual returns must report whether the plan is covered by a fidelity bond. The Department of Labor generally requires that every fiduciary, as well as other persons who handle retirement plan assets or funds, be bonded. The amount of the fidelity bond must cover the greater of either 10% of plan assets or 100% of non-qualifying plan assets. Generally, the sponsor's casualty insurance broker should be able to assist in obtaining or increasing the amount of this bond. Owner-only plans are exempt from the bonding requirement.
- **Failure to transmit participant contributions** – Annual returns must identify whether participant contributions were submitted to the plan in a timely manner. The Department of Labor 401(k) deposit standards for plans with fewer than 100 participants provide a safe harbor period of 7 business days following receipt of withholding by employers.
- **Non-marketable investments** – Annual returns must report the value of any assets whose value was neither readily determinable on an established market nor set by an independent third party appraiser. The IRS preferred method of valuing these assets is to obtain an appraisal from an independent appraiser.

The likelihood that a retirement will be selected for examination is low, but keeping track of these hot buttons will improve your chances of steering clear of this arduous process. Please contact Pension Strategies if you have any additional questions.



### Alert: Form 5500

July 31st is the due date for December 31, 2012 year end Form 5500. If we haven't received all your information by now chances are an extension will be in order. Not to worry, part of our service includes tracking your Form 5500

deadline. The extended due date is October 15, 2013 – definitely one not to miss. Contact our office if we can help.



## Pension Strategies News

In May Pension Strategies supported the Arizona Animal Welfare League. The mission of Arizona's first no-kill animal shelter is to create a world where there are no homeless dogs and cats by being the community's leading source for pet adoptions. Our staff rallied to support the cause by collecting gently used blankets, towels, and even an outgrown dog kennel. In addition



we donated \$250 in cash and pet food. Please visit their website for more information and ideas on how you and your organization might support this wonderful charity <https://aawl.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,**

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***And the entire Pension Strategies team***