



## PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

# Strategic Update

*Ideas, news and tips from Pension Strategies*



October 2014

## How Long Is Permanent?

When considering establishing a retirement plan business owners are often concerned about being forced to keep the plan in place beyond their needs. There seems to be a myth about a requirement for plans to be in place for at least five years.

According to IRS rules, "A qualified plan must be permanent when established .... Permanence is tested by reference to intent at the time the plan is established." Permanence does not imply an intent for a perpetuity. Essentially, if you put a plan in place to save for retirement that implies permanence. Or, as an example, if a plan is established just to shelter from taxes a one-time sale of company assets and then is terminated intent of permanence may not have existed at the time the plan was established.

There is no specific time period that automatically provides for or violates the assumption of permanence. An early plan termination does not necessarily indicate a violation of the IRS rules. This is a facts and circumstances issue. If you would like additional information or have questions about plan termination, please contact Pension Strategies.



### UPCOMING DEADLINES

#### October 15, 2014

Form 5500 filing deadline for calendar year plans.

#### December 1, 2014

2015 Safe Harbor notice for 401(k) plans with safe harbor contributions must be provided to

### ALERT: HATFA

#### *What it means for your Defined Benefit Plan*

The Highway and Transportation Funding Act of 2014 (HATFA) updated segment interest rates used in Defined Benefit Plans for plan years beginning on or after January 1, 2013. However, by 2014 all plans will have adopted these new rates.

As a result of these updated interest rates, your plan will see a little more flexibility in the contribution range for 2014 than the rates previously required. Please contact Pension Strategies if you have any questions regarding HATFA.

plan participants.

## About Pension Strategies

Join Our Mailing List!



### **Pension Strategies Supports ARCH**

Pension Strategies, with the help of L and S Printing, had the opportunity to reach out to the Arizona Recreation Center for the Handicapped by donating team jersey's to the local division of ARCH.

The mission of ARCH is to enhance and maintain the quality of life of individuals with handicapping conditions by providing therapeutic recreation services, educational and wellness programs, socialization opportunities and teaching basic living skills. In March of this year, this division took the gold at the Special Olympics!

We can't wait to see what's in store for them in the coming year! Way to go!

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***