



PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update

Ideas, news and tips from Pension Strategies



December 2014

Automatic Enrollment Plans Grow in Popularity

Did you know 30 percent of eligible employees do not participate in their employer's 401(k) plan? Although this number may seem high for some employers, we often see this number significantly higher across all industries.

In 2006, federal regulators passed a law aimed at increasing employee retirement savings through automatic enrollment features in 401(k) plans. Automatic enrollment features allow employers to automatically withhold 401(k) contributions from an employee's paycheck unless the employee elects not to participate in the plan. Since 2006, the automatic enrollment 401(k) plan has steadily grown in popularity among employers and employees.

An automatic enrollment 401(k) plan offers several attractive benefits for employers and employees:

- Increases retirement savings among employees and owners
- Helps attract and retain talented employees
- Simplifies enrollment process
- Offers significant tax savings
- Improves 401(k) anti-discrimination test results, thereby increasing allowable participation rates among owners and key individuals

Employees must be notified in advance of the percentage of their wages that will be automatically deducted from their paycheck and contributed to the plan. In addition, employees must be provided with an opportunity to opt-out from the program at any time. Many employers also select an automatic escalation feature which automatically increases the employee's contribution amount each year.

There are several types of automatic enrollment programs available to employers today. We can provide you with additional information about these programs and how they work. Please contact Pension Strategies and let us help determine if an automatic enrollment plan is right for you.



UPCOMING DEADLINES

December 31st
Most plan year ends

Helpful IRS Letter Confusing

The IRS recently attempted to be helpful to plan sponsors by sending out reminders they will need to file forms 5500 for 2014. The unusual

are December 31st.
New retirement plans for 2014 must be adopted and signed.
All employee 401(k) plan deferrals must be funded.

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nature of the gesture, the appearance of the form letter, and the fact it was sent before year end all made the letters look like delinquency notices. They were not. The letters were just your government trying to be helpful in their own way. If you have questions regarding this correspondence, please let us know.



St. Mary's
Food Bank
ALLIANCE

Pension Strategies Holiday Charity

As we have done in prior years, Pension Strategies will remember all our wonderful business partners and clients by contributing to Saint Mary's Food Bank instead of sending out cards or holiday gifts.

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