



PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update: Ideas, news and tips from Pension Strategies
February 2016

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Increase Plan Participation with Automatic Enrollment

According to the Bureau of Labor Statistics, only about 38% of the American workforce who have access to a 401(k) actually participate. However, employers who offer automatic enrollment and automatic contribution increased participation by 25 percent (Bank of America Merrill Lynch).

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

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.

Alert: It's 401(k) Testing Time

It's time to perform the annual non-discrimination Average Deferral Percentage (ADP) test for your 401(k) Plan. If your plan uses one of the "safe harbor" methods, it automatically passes this test. Please visit the Newsletter archive on our website for more information by clicking on the links that

follow:

- Our [February 2013](#) newsletter Alert outlined the ADP and ACP tests.
- The [March 2013](#) and [April 2013](#) newsletters outline a number of ADP testing strategies.
- For a quick review of the two safe harbor 401(K) options you may want to incorporate next year, our [November 2013](#) newsletter is a good resource.

Does My Plan Need a Form 1099-R?

Form 1099-Rs report all types of distributions from qualified plans, taxable distributions, non-taxable distributions, etc. If your plan had any distributions during 2015, you are generally required to file these forms to report that activity to the IRS. If you need our help preparing Form 1099-Rs for your plan, please let us know right away. CPAs typically prepare these forms for their clients. Pension Strategies sent our clients a general reminder in December about the filing requirement along with a request for information. Please contact us if you don't recall seeing that reminder

Upcoming Deadlines

February 4, 2016

- Please return your completed December year end data request packets so we can help you meet your 401k ADP test deadline or calculate the contribution for your tax return filing.

February 29, 2016

- Due date to file Forms 1099-R with the IRS. Form 1099-R reports 2015 plan distributions to participants even if the distribution was not taxable [i.e. rolled to an IRA].

March 15, 2016

- Amendment deadline for Defined Benefit Plans.
- Deadline for refunds in 401(K) ADP & ACP Discrimination Testing.
- Plan contribution funding deadline for calendar year corporations.
- Extension deadline for corporate return to move contribution deadline to September 15, 2016

[Learn more about Pension Strategies](#)

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
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And the entire Pension Strategies team

STAY CONNECTED:



