

THE ROSENBAUM LAW FIRM P.C.

THE LAW FIRM REVIEW

A Publication for Plan Sponsors and Retirement Plan Professionals

The Essential Plan Providers For A 401(k) Plan.

The Plan Providers you need.



When people are sick, especially debilitating illnesses or diseases, it's natural for them to travel far and wide to get the best medical coverage possible. I live in Long Island, but my children were born in Manhattan because we felt the care there was better. People who are ill will try to find the best medical coverage possible; they won't hire a doctor because they're the lowest price. So it's kind of surprising that when it comes to the financial health for retirement plan sponsors, they skimp when it comes to hire their plan providers. To save a few

hundred dollars, they may hire a third party administrator (TPA) who is incompetent and was only hired because they also happen to handle payroll. Plan sponsors need to make solid choices of retirement plan providers because it's their neck on the line if they don't. So this article is about the essential plan providers to hire and what to avoid when hiring them.

For the article, click [here](#).

Absurd Things About 401(k) Plans That Are True.

Yup, they are true.

We drive on parkways and park on driveways. Cigarettes are sold in gas stations even though smoking is prohibited there. Fat chance and slim chance mean the same thing. Phonetic isn't spelled the way it sounds. When it comes to retirement plans, there are absurd things that make no sense, but are actually true. The problem is that a



plan sponsors don't know about these things before it's too late. So this article is about absurd things about 401(k) plans that are actually true.

To read the article, please click [here](#).

There Is No Such Thing as Free 401(k) Administration.

Sorry, Virginia.



There is no such thing as the Easter Bunny, or the Tooth Fairy, or the Boogeyman. While we can laugh at it, it's surprising to note that many plan sponsors still believe they pay nothing for 401(k) plan administration even in a time where they get fee disclosures that claim that they do. So this article is about the myth of free 401(k) administration. So Virginia, there is no such thing as free 401(k) administration.

To read the article, please click [here](#).

Attention 401(k) Plan Sponsors: This is Your Wake Up Call.

Time to wake up and smell the coffee.

Anytime I travel, I ask for a wake up call even though my iPhone will blare "Eat the Rich" by Aerosmith at the same time because you can never be too careful. When I travel around the country to speak, I want to make sure I don't sleep through my allotted time. When it comes to being a retirement plan sponsor, employers never had a wake up call about their fiduciary duty for years and now that there is one, many plan sponsors are still sleeping through it. So this article is about how the rules concerning retirement plans have changed and how 401(k) plan sponsors need to wake up and take notice of these changes.



To read the article, please click [here](#).

IRS changes their Determination Letter Program.

Part of a natural progression.

When I first started as an ERISA attorney in 1998, almost every plan I worked on except for standardized prototype plan documents were submitted to the Internal Revenue Service (IRS) for a favorable determination letter to make sure that the plan documents were compliant with the Internal Revenue Code.

Date: JUN 25 2004

USAWCT INC
C/O MARK CAMMISA
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DANBURY, CT 06811

Employer Identification Number:
06-1540445
DIN:
17053364068013
Contact Person:
THOMAS M KALLMAN ID# 31383
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
August 31
Form 990 Required:
Yes
Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(2).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958. Additionally, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key district office.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(2) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the

Letter 947 (D/C)

their individually plans, except for initial qualification and qualification upon termination. What does this mean? Well it means that individually designed plans will have to be updated without seeking IRS approval, which makes me think that many plans will fall out of compliance because IRS approval kept these plans in compliance. That probably means more plans will be found to fall out of compliance upon audit, which means more money for the IRS in penalties.

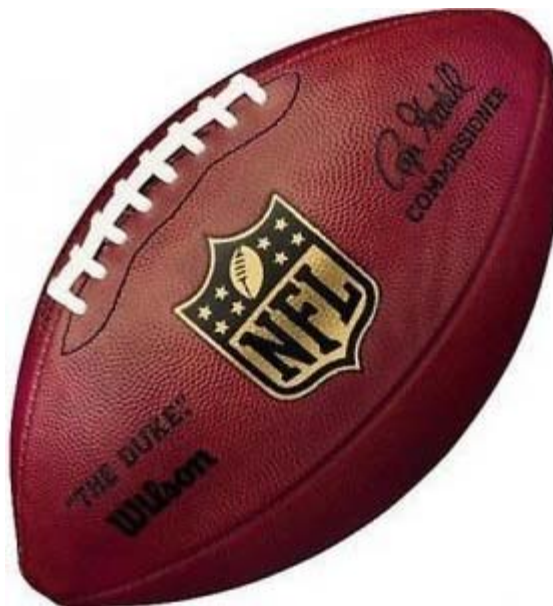
Also, less time that IRS agents spend on determination letter requests probably will allow them more time for audits and probably more plan audits. If a plan already was using a volume submitter or prototype plan, this change will be of no consequence since these plans stopped applying for determination letters years ago.

Plan Sponsors Should Get Their Own "Football".

They need to keep the important records in one safe place.

When I was in college in the early 1990's, I was heavily involved in student politics. I would go and buy things that made me look important even when I really wasn't. I got the beeper that no one really called and I had one of those Day Runner organizers.

People who grew up today have their iPads, but the Day Runner was the iPad of its day because it would include my contacts, notes, calendar of events, etc. I used to call my leather Day Runner, the "football" in honor of the military briefcase that has all the nuclear weapon launch codes that a military attaché was attached to by handcuffs. Again, sounding more important than I really was. By the way, they actually still sell



When the IRS changed the remedial amendment period over 10 years ago for the cycle approach for individually designed plans, it eliminated the need for plans that use a prototype or volume submitter plan to seek letters on their own. The requirement was left for individually designed plans when the restated according to the year of their cycle.

Now, the IRS wants out of the determination letter process altogether. For restatement cycles beginning after 2016, plan sponsors will no longer be able to apply for determination letters on

Day Runners.

Plan sponsors need their own "football". They don't need nuclear launch codes, but they do need to keep copies of their plan documents, fiduciary meeting minutes, investment policy statement, investment education materials handed out to participants, fiduciary bond, liability insurance binder, enrollment meeting attendance sheets, and valuation reports. Thanks to technology, they don't have to be in a Day Runner or a binder, then can be electronically saved after being scanned. Since paper doesn't too well to paper, fire, and the trash, a plan sponsor should save all plan information to a USB flash drive and some sort of cloud. This "football" will make sure the plan sponsor has all the information they need to defend themselves in an audit and/or litigation. The plan sponsor "football". It's just one thing that if they have, they can't fumble away. Even the New York Jets can't fumble that.

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The Rosenbaum Law Firm Review, September 2015, Vol. 6 No. 9

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