Retirement News for Employers

Information for Sponsors of Retirement Plans

Internal Revenue Service — Tax Exempt and Government Entities

Volume 5, Winter 2009

A Look Inside

Thinking of adding automatic enrollment to your 401(k) plan? A new publication, *Automatic Enrollment 401(k) Plans for Small Businesses*, gives direction to small employers …more on page 3

Correct excess contributions by following these steps in "*The Fix Is In*"…more on page 4

The new Form 990 has 16 standardized schedules to provide critical information about tax compliance…more on page 6

Avoid plan mistakes by using our Fix-It Guides as discussed by Monika Templeman, EP Exam Director …more on page 8

Also in this Issue

Did You Amend Your SIMPLE IRA Plan for EGTRRA?

The Economic Growth and Tax Relief Reconciliation Act of 2001 made several significant changes affecting retirement plans. **Revenue Procedure 2002-10** required sponsors of IRA-based plans to update their plan documents by the end of 2002, or shortly thereafter in some cases. However, audits of SEPs, SARSEPs and SIMPLE IRA plans reveal that some sponsors have not timely updated their plans for the EGTRRA law changes.

Not updating your IRA-based plan for EGTRRA can cause your plan to lose tax benefits for contributions. As a result, participants may need to include salary deferrals and employer contributions made to their IRAs as income for the years the plan was not updated.

All IRS model plans with a revision date of 2002 or later have the required EGTRRA tax law changes. Model plan sponsors with plans dated earlier than 2002 must update their IRA-based plans for EGTRRA using the **Employee Plans Compliance Resolution System**. You can do this by adopting a prototype plan approved for EGTRRA or a current IRS model plan: **Form 5304-SIMPLE**, **Form 5305-SIMPLE**, **Form 5305-SEP** or **Form 5305A-SEP**.

Employee Plans would like to remind plan sponsors of their responsibility to periodically review their plan documents for tax-law changes that impact their plans. Our web site contains useful information about **SIMPLE IRA plans**, **SEPs**, **SARSEPs**, **FAQs** and **Fix-It Guides** to help you identify and correct common plan mistakes.•

New Law Waives Required Minimum Distributions for 2009

The **Worker, Retiree, and Employer Recovery Act of 2008** waives any required minimum distribution for 2009 from retirement plans that hold each participant's benefit in an individual account, such as 401(k), 403(b) and certain 457(b) plans. The Act also waives any RMDs for 2009 from an IRA. See our **Special Edition** for details and related "We're Glad You Asked!" on page 2.•

New on the Web

Here are the latest postings to the **Retirement Plans Community** web page:

Fix-It Guides Web Page

The **SIMPLE IRA Plan Fix-It Guide** is here! It provides tips on how to find, fix and avoid common mistakes in SIMPLE IRA plans. Find it on our **Fix-It Guides** web page along with the 401(k) and SEP Fix-It Guides. The SARSEP Plan Fix-It Guide is coming soon.

ERPA Questions and Answers

We have updated the **Enrolled Retirement Plans Agent Program** web page with two new questions – "Where can I earn CPE credits?" and "How does an organization become a sponsor for ERPA CPE credits?"

Correcting Plan Errors – VCP Fill-In Appendices

We have posted **fill-in appendices** to help plan sponsors complete a Voluntary Correction Program application.

Guidelines Regarding Rollovers as Business Startups (ROBS)

We have posted **procedures** for examination and determination agents to address issues involving a version of a qualified plan being marketed as a means for prospective business owners to access accumulated tax-deferred retirement funds, without paying applicable distribution taxes, in order to cover new business start-up costs. These arrangements are known as Rollovers as Business Startups, or ROBS.

We're Glad You Asked!

Each issue of the *RNE* looks at a common question we receive and provides an answer and additional resources in response to the question. In this edition you are getting a two'fer.

I wanted to have the maximum amount of salary deferrals put into my account in my employer's 401(k) plan in 2008 but I made a mistake on my election form and I deferred less than the maximum. Can I contribute now, in 2009, to make up the difference so that I reach the 2008 maximum contribution limit?

No. A participant's salary deferrals are counted in the year the participant would have received the salary in cash had he or she not made the deferral election. The only way you can make salary deferrals, for any year, is by having your employer contribute part of your compensation to the plan before you have access to it. If you already received the compensation, then you cannot make salary deferrals on it, for example, by writing a check to the plan.

The maximum salary deferral amount for 2008 was $15,500 ($20,500, if you were age 50 or older by the end of 2008). For 2009, the maximum salary deferral amount is $16,500 ($22,000, if you are age 50 or older by the end of 2009).

Sometimes the amount withheld and deposited into the plan as salary deferrals may not be exactly what you expected because of plan-imposed restrictions and the plan's definition of compensation for deferral purposes. This is especially true if you choose a percentage, rather than a dollar amount, on your deferral form.

If you are a self-employed individual, salary deferrals for 2008 may be deposited into the plan a short time after the end of the year, but the amount deposited must correspond to your deferral election and your deferral election must have been made before the end of your 2008 tax year.

For additional information, see:

Publication 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*

Section 401(k) Regulations

I understand the requirement to receive a 2009 required minimum distribution from my former employer's retirement plan is waived. Can I take it out anyway and then roll it over into my IRA?

Maybe. If the employer plan is a defined contribution plan, such as a 401(k) plan, the requirement to take a 2009 required minimum distribution has been waived. So unless you're taking a 2008 RMD in 2009, any distribution in 2009 will not be an RMD and may be rolled over into an IRA if it is an "eligible rollover distribution" and otherwise satisfies the rollover rules. Generally, an eligible rollover distribution is any distribution from your retirement plan, but there are **exceptions**. Amounts from a designated Roth account can only be rolled into a Roth IRA; all other eligible rollover distributions can be rolled into a traditional IRA. If you want to put the eligible rollover distribution (other than from a designated Roth account) into a Roth IRA, any part of the distribution that has not been previously taxed must be included in your gross income and you must meet the rules for converting a traditional IRA to a Roth IRA. These are:

- your modified adjusted gross income for Roth IRA purposes is not more than $100,000, and
- you are not a married individual filing a separate return.

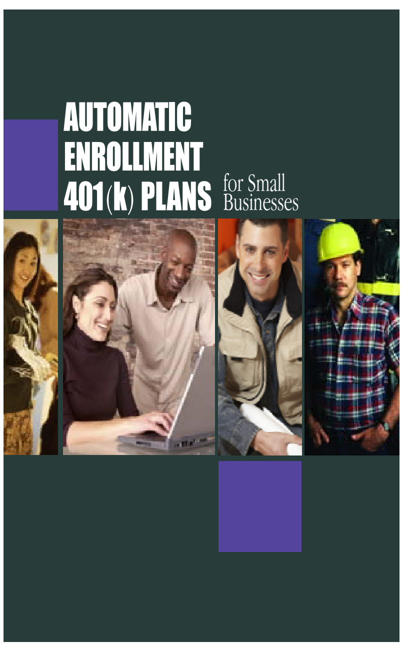
For additional information, see:

Publication 575, *Pension and Annuity Income*

Publication 590, *Individual Retirement Arrangements (IRAs)*

Notice 2009-9, *Required Minimum Distributions for 2009*

Automatic Enrollment 401(k) Plans for Small Businesses



Automatic Enrollment 401(k) Plans for Small Businesses, (**Publication 4674**), has been released by the Employee Benefits Security Administration and the IRS. This plain language publication directs businesses who already sponsor 401(k) plans to an automatic enrollment feature, where plan sponsors automatically enroll employees in the plan unless the employee elects otherwise. The plan must specify the percentage of an employee's wages that will be automatically deducted from each paycheck as a contribution to the plan. The plan document must also explain that employees have the right to elect not to have salary deferrals withheld or to elect a different percentage to be withheld.

Order Publication 4674 by calling IRS at (877) 829-5500 or EBSA at (866) 444-EBSA (3272).

For more information on Automatic Enrollment 401(k) Plans, see:

- *IRS Proposes Rules on Automatic Contribution Arrangements: **Employee Plans News**, Special Edition, November 7, 2007*
- *Sample Notice to Participants Regarding Automatic Enrollment/ Automatic Contribution Arrangements: **Employee Plans News**, Special Edition, November 15, 2007*

Recent Guidance

- **Rev. Proc. 2009-6**, The annual EP determination letter revenue procedure.
- **Rev. Proc. 2009-8**, The annual EP/EO revenue procedure on user fees.
- **Rev. Rul. 2009-2** provides covered compensation tables under Code §401 for 2009 to determine defined benefit plan contributions and permitted disparity.
- **Notice 2008-108** lists changes in Rev. Proc. 2007-44 for statutory, regulatory and guidance changes needed for opinion, advisory and determination letter requests for the 12-month period beginning February 1, 2009.
- **Notice 2009-3** provides that §403(b) plan sponsors now have until December 31, 2009 to comply with the written §403(b) plan requirement. This notice also briefly describes other programs the IRS intends to establish for §403(b) plans.
- **Notice 2009-9** provides guidance to financial institutions on the 2009 required minimum distributions reporting rules due to the Worker, Retiree, and Employer Recovery Act of 2008. WRERA waives any RMDs for 2009 from IRAs and retirement plans that hold participant benefits in individual accounts.

Fixing Common Plan Mistakes:

Failure to Limit Contributions for a Participant

Each issue of the *RNE* looks at a common error that occurs in retirement plans and provides information on fixing the problem and lessening the odds of it happening again.

Background:

A qualified 401(k) plan must provide limits for contributions and forfeitures allocated to a participant's account. The total of employer contributions, employee contributions and forfeitures allocated to a participant's account cannot exceed the limits under §415(c) of the Internal Revenue Code.

Section 415(c) generally provides that during a limitation year (the calendar year, unless another 12-month period is specified in the plan), the total of employer contributions, employee contributions and forfeitures made for a participant cannot exceed the lesser of:

1) $40,000 or

2) 100% of the participant's compensation.

Section 415(d) of the Code provides for a cost of living adjustment to the $40,000 dollar limit. In 2007, the dollar limitation was $45,000.

For 401(k) plans, the types of contributions subject to the limit include:

- elective contributions (pre-tax or Roth);
- after-tax employee contributions;
- employer matching contributions; and
- employer profit-sharing contributions.

The Problem:

In 2007, John earned $100,000 in compensation as an employee of the QP Corporation and was a participant in QP Corporation's 401(k) Plan. The plan permits elective contributions and provides a 100% matching employer contribution for the first $8,000 in elective contributions, as well as discretionary profit-sharing contributions. The plan does not allow an employee to designate any portion of his or her elective contribution as a Roth contribution. QP did not allocate any forfeitures to participants in 2007. During 2007, QP made contributions totaling $58,000 for John consisting of:

- elective contributions: $15,000
- employer matching contributions: $8,000
- employer profit-sharing contributions: $35,000

The 2007 contribution limit for John is $45,000 (the lesser of $45,000 or 100% of John's $100,000 compensation). Accordingly, the $58,000 contributions made for John in 2007 exceeded the limitation under §415(c) by $13,000.

QP discovered the failure to limit the contributions for John in early 2009.

Finding the Mistake:

In order to find the mistake, the plan administrator should timely prepare allocation schedules showing amounts contributed and allocated for plan participants. The allocated amounts should include all employer contributions, employee contributions (including elective contributions) and forfeiture allocations. The allocation schedules should be reviewed periodically by comparing total allocations to the Code §415(c) limitations.

Fixing the Mistake:

If contributions for a participant include both employer and employee elective contributions, then correction for contributions that exceed the employee's limitation under §415 should be made, to the extent required, in the following manner:

Step 1: Distribute unmatched elective contributions (adjusted for earnings) to the affected participant. If any excess remains, then proceed to Step 2.

Step 2: Distribute elective contributions (adjusted for earnings) that are matched, and forfeit related matching contributions (adjusted for earnings). If any excess remains, then proceed to Step 3.

Step 3: Forfeit other profit-sharing contributions.

The employer should report the corrective distribution made to the participant on Form 1099-R. The participant should include the distribution as income but does not have to pay the 10% additional tax on early distributions under §72(t) of the Code. In addition, the participant may not rollover the corrective distribution to another qualified plan or to an IRA.

The plan sponsor should transfer the forfeited employer contributions (profit-sharing or matching) to an unallocated account. These amounts are used to reduce employer contributions in the current year and, if applicable, subsequent year(s).

Applying these steps, the correction of the excess contribution of $13,000 for John would be as follows:

Step 1: John made $7,000 in *unmatched elective contributions* (elective contributions of $15,000 less $8,000 that QP matched). The plan must distribute the $7,000 (adjusted for earnings) to John. After the distribution, there is still an excess contribution of $6,000 that the plan must correct, to the extent possible, under Step 2.

Step 2: John made $8,000 in *matched elective contributions*. The plan must distribute $3,000 in matched elective contributions (adjusted for earnings) and forfeit the corresponding matching contribution of $3,000 (adjusted for earnings). This step fully corrects John's remaining $6,000 excess.

As a result, John will receive a total distribution of $10,000 (adjusted for earnings). John must include the entire corrective distribution in his income. However, John will not have to pay the additional 10% tax on early distributions under §72(t) of the Code. The distribution is not eligible for rollover to another

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qualified plan or an IRA. In addition, the plan will forfeit $3,000 (adjusted for earnings) from John's matching contribution account. This amount will be transferred to an unallocated account and used to reduce employer contributions required for the current year and if applicable, subsequent year(s).

Correction Program(s) Available:

QP Corporation may use the correction programs described in **Revenue Procedure 2008-50** to correct the mistake.

Avoiding the Mistake:

The employer should monitor employees' elective contributions made during the limitation year. After determining the corresponding matching contribution under the terms of the plan, the employer should consider the §415 limitations while determining (a) the amount of the discretionary profit-sharing contribution and (b) where appropriate, the manner in which the profit-sharing contribution could be allocated among plan years.

New Form 990 Requirements

Tax-exempt organizations with gross receipts of $1 million or more and/or assets of $2,500,000 or more must file the new **Form 990** for the 2008 tax year. The new 990 will be phased in over the next three years for most smaller organizations.

Tax preparers and organizations need to review the new form and **instructions** carefully to fully understand how the changes affect the filing process. The new 990 consists of a core form plus 16 standardized schedules. It has enhanced reporting to provide critical information about tax compliance and contains more opportunities to explain activities and provide context for financial and operational information. Organizations complete only those schedules that apply to them. To fill out the form completely, accurately and on-time, organizations may now need greater input from their program staff and board members.

In addition to financial reporting, the new 990 offers tax-exempt organizations the opportunity to explain their work in detail. The new form makes it easier for the public to find specific information about an organization — a key advantage in today's increasingly transparent world and a positive tool for organizations to reach out to the public.

Learn more online:

- **Tax Information for Charities & Other Non-Profits**
- **Mini-Courses on Redesigned Form 990**

The Filing Cabinet

Forms – you can't live with them, you can't live without them. Just like you use forms when running your business – everything from spreadsheets to receipts to invoices – you also use forms when dealing with a retirement plan.

New Forms

Two new forms deal with the new ERPA program and designation:

- **Form 23-EP**, *Application for Enrollment to Practice Before the Internal Revenue Service as an Enrolled Retirement Plan Agent (ERPA).* A candidate would complete this application to practice before the IRS as an Enrolled Retirement Plan Agent.
- **Form 8498-EP**, *Program Sponsor Agreement for Continuing Education for Enrolled Retirement Plan Agents.* An organization would use this form to become an approved ERPA sponsor to offer continuing professional education.

For additional information concerning the ERPA program, see our **ERPA** web page.

Updated Publications

The following publications have been revised for use in preparing 2008 returns:

- **Publication 560**, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*
- **Publication 571**, *Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations*
- **Publication 575**, *Pension and Annuity Income*
- **Publication 590**, *Individual Retirement Arrangements (IRAs)*

Ringing In the New Year

Do you need a calendar? The ***IRS 2009 Tax Calendar for Small Businesses & Self-Employed*** (**Publication 1518**) contains hundreds of reminders for everything from payroll deposit dates to information on the Economic Stimulus Act of 2008. Look for "*Ready, Set, Retire*!" in March's page for retirement plan tidbits. You can view the **calendar online**, download it or even watch a **video** about it.

You can download all of the above-mentioned products (except the 2009 calendar) at **EP Forms/Pubs/Products** or you can order them by calling (800) 829-3676.

Desk Side Chat With Monika Templeman

The Biggest Mistake

In each issue, Monika Templeman, Director of EP Examinations, responds to questions and offers insights on retirement plan topics uncovered during audits. You may provide feedback or suggest future topics for discussion by e-mailing her at: **RetirementPlanComments@irs.gov**.

Author Weston Agor stated, “Making mistakes simply means you are learning faster.” Putting a twist on this quote, the plan mistakes found in the examinations completed by Employee Plans helps us to learn faster about the common mistakes that jeopardize retirement plans. By sharing them with our readers, of this newsletter, they can learn how to avoid these errors faster.

What do you see as the biggest mistake?

The biggest mistake continues to be the failure to timely amend the plan document to reflect current law. The Economic Growth and Tax Reconciliation Act brought a host of changes intended to simplify plan administration while improving benefits. Failure to update the plan document to reflect recent law changes is a common problem that we see in all plan types and it is a frequent mistake in IRA-based plans. Approximately 20% of the SEP plans and 25% of the SIMPLE IRA plans we examine have this error.

What were some of the major EGTRRA changes?

EGTRRA allows catch-up contributions for participants age 50 and over, increased contribution limits, increased compensation limits and higher deduction limits.

Do 401(k) examinations reveal other plan document related errors?

Yes. Failure to notify the employees, vendors and tax professionals of changes made to the plan document or to the operation of the plan. From there, we find that the plan terms are not being followed. This error occurs more times than one would think. For example, a company’s decision to exclude bonuses from the definition of compensation and not communicating that change to all persons involved can lead to a host of problems.

What are the biggest operational mistakes found on examination?

We are finding mistakes involving the **plan’s participation and eligibility requirements**. “Employees” for purposes of determining who can be in the plan includes all employees of all related employers. So, using a SEP as an example, if an employer and/or their family members own a controlling interest in another business, employees of that other business are “employees” for purposes of determining who is eligible to participate in the SEP.

Another common error involves the failure to make **timely deposit of employee deferrals**. The IRS and the DOL have set rules for when deposits must me made. SIMPLE IRA plans and 401(k) plans must follow these rules.

There’s more to this error than plan qualification, correct?

Yes. The failure to timely deposit employee elective deferrals may constitute both an operational mistake and a prohibited transaction. The operational aspect of the error can be corrected through the **IRS Correction Programs**, prohibited transactions can not. Prohibited transactions require excise taxes to be paid to the

IRS and must be corrected. The Department of Labor's Employee Benefits Security Administration maintains a **Voluntary Fiduciary Correction Program**, which may be able to resolve the prohibited transaction.

Where can readers go to find more of the biggest mistakes and how to correct them?

I would highly recommend that every plan sponsor take time to visit our web-based **Fix-It Guides**. We have created Fix-It Guides as reference tools to present the most common mistakes we find in retirement plans and the process of finding, fixing and avoiding plan mistakes. The Guides explain our system of correction programs that enable employers to correct plan mistakes, often with no fees paid to the IRS or any IRS involvement. These programs help ensure that benefits promised to employees are paid and that plans retain their tax-favored status. Plan sponsors can also determine which of the three correction programs best apply to their situation and recognize the importance of correcting mistakes earlier rather than later, by visiting our **Correcting Plan Errors** page.

Mistakes can and do happen, but the earlier these mistakes are found and corrected, the better off everyone will be (i.e., the employer, participants and beneficiaries under the plan).

Any final words of wisdom for your readers?

Well, since you opened with a quote, let me end with one from the Latin writer of maxims, Syrus. "From the errors of others, a wise man corrects his own." We have the tools on the web to assist you in finding, fixing and avoiding your own mistakes and we encourage plan sponsors to use them to keep their plans out of trouble.•

DOL News

Guidance on Fiduciary Duties in Response to Recent Events Involving the Madoff Investment Firm

On February 5, DOL/EBSA announced **guidance** on the duties of employee benefit plan fiduciaries in light of alleged abuses involving Bernard L. Madoff Investment Securities LLC.

DOL/EBSA provided the guidance to fiduciaries, investment managers and other investment service providers to plans who believe they may have exposure to losses on investments with entities related to the Madoff firm. The guidance also provides steps that can be taken to assess and protect the interests of plans, participants and beneficiaries under ERISA.

2009 Form 5500 Annual Return/Report and Electronic Filing Webcast

DOL/EBSA is hosting the first in a series of free webcasts to help employers and plan service providers prepare for the changes in the requirements of the 2009 Form 5500 annual return/report as well as the electronic filing

Guidance on Fidelity Bonding

On November 25, DOL/EBSA issued **Field Assistance Bulletin 2008-04** which provides guidance on the fidelity bonding requirements under ERISA §412. FAB 2008-04 was developed to address issues that EBSA investigators frequently confront in their investigations. The 42 FAQs address a variety of issues including: whether a bond may use an omnibus clause to name insured plans; how to calculate the bond amount when multiple plans are covered under a single bond; whether the $1 million bond maximum applies in the case of plans that hold employer securities solely as a result of investments in pooled investment funds; and whether third party service providers are subject to the bonding requirements if they handle plan funds.

Free Compliance Assistance Events: For dates and locations of free compliance assistance events sponsored by EBSA for both retirement and health benefit plans, visit **EBSA's** homepage.

requirement. The webcast, which will also feature a preview of the new electronic filing system, is on February 19 from noon to 2 p.m. (ET).

This webcast will cover the new simplified annual reporting form for small plans with easy to value investments; expanded reporting by large plans of compensation received by plan service providers; realignment of the reporting rules for 403(b) pension plans subject to Title I of ERISA to make them on par with 401(k) plans; and annual reporting changes required by the Pension Protection Act for defined benefit pension plans and multiemployer plans.

The modernized version of the ERISA Filing Acceptance System – known as EFAST2 – will receive only electronic filing submissions, provide quick responses to errors in a filing and publicly disclose filed Form 5500 reports through the EFAST web site.

To register, visit the **DOL/EBSA** homepage and look under Compliance Assistance Workshops, Seminars and Webcasts. Additional webcasts and educational material will be made available throughout the year.

2008 Form 5500 Annual Report

On December 10, DOL/EBSA, the IRS and PBGC released the 2008 Form 5500 annual return/report, schedules and related instructions. Obtain informational copies on the **DOL/EBSA** web site.

Modifications to the Form 5500 for plan year 2008 are described under "Changes to Note" in the **2008 instructions**. Significant changes include:

- New actuarial schedules replace the Schedule B, *Actuarial Information* and must be used for plan year 2008 filing – Schedule MB, *Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information*,and Schedule SB, *Single-Employer Defined Benefit Plan Actuarial Information*. If the due date of the plan's 5500 occurred before the 2008 forms were available for filing, the plan has an automatic extension until 90 days from December 10, 2008, to file a complete Form 5500.
- Multiemployer defined benefit pension plans generally must file additional information as attachments to the Schedule R, *Retirement Plan Information*. Defined benefit plans of 1,000 or more participants must also include financial assets breakout information as an attachment to the Schedule R.
- The voluntary simplified reporting option for certain plans with fewer than 25 participants at the beginning of the plan year will continue for the 2008 filings.

Filers should monitor the **EFAST** web site for approved software vendors to complete the 2008 forms.

Retirement News for Employers

Retirement News for Employers is a free, quarterly newsletter aimed at keeping employers informed about retirement plan sponsorship. *RNE* is prepared by the IRS's Employee Plans (Tax Exempt and Government Entities) office.

For your convenience, *RNE* includes Internet links – identified by the blue underlined text – to referenced materials.

How to Subscribe

RNE is distributed exclusively through IRS e-mail. Sign up for your free subscription by going to the **Retirement Plans Community** web page and selecting "Newsletters" in the left pane. Prior editions of the *RNE* are also archived there.

Send Comments/Suggestions to:

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Have a Question?

For taxpayer assistance with retirement plans technical and procedural questions:

Please call (877) 829-5500 or visit the "Contact EP/Services" section at **www.irs.gov/ep**.

For questions relating to retirement income, IRAs, Roth IRAs, educational IRAs, medical savings accounts, and §125 cafeteria plans:

Please call (800) 829-1040.

Mark Your Calendar

Operating a retirement plan can be a time-consuming job. There are deadlines, not just for reports and forms but also for making contributions and giving information to participants. So to help you navigate the retirement plan timeline, here is a look at some of the important moments in the months to come. Please note that all of the filing dates below are for calendar-year plans – adjust the dates for noncalendar-year plans:

MARCH 2 - Paper Forms 1099-R for 2008 distributions due to IRS.

MARCH 15

- Application of Waiver for 2008 Minimum Funding Standard for defined benefit plans due.
- ADP/ACP distributions of 2008 excess amounts, with earnings, due to participants to avoid 10% excise tax.

MARCH 16

Note: The following usually are due on March 15, which falls on Sunday in 2009.

- **Form 1042-S**, *Foreign Person's U.S. Source Income Subject to Withholding* and **Form 1042**, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, due to IRS to report retirement plan distributions and income tax withheld from distributions made to nonresident aliens.
- 2008 corporate employer contributions due in order to take tax-deduction for 2008 (with no corporate filing extension).

MARCH 31

Electronic filing of Forms 1099-R for 2008 distributions due to IRS.

APRIL 1

Required minimum distributions due to participants who turned age 70½ in 2008 for IRA and IRA-based plans and have not yet taken their 2008 distribution. For all other retirement plans, first required distribution for 5% owners turning 70½ in 2008, and for non-5% owners who turned 70½ in 2008, are retired and have not yet taken their 2008 distribution.

APRIL 15

- Deadline for returning 2008 participant deferrals in excess of $15,500 ($20,500, if 50 or older).
- Deadline to establish an IRA for possible deduction in 2008.
- First quarterly defined benefit contribution installment due for the 2009 plan year.
- 2008 self-employed individual and partnership contributions due in order to take tax deduction (with no filing extension).

For a comprehensive list of upcoming EP Educational Events, visit the Retirement Plans Community web page.

Timing is Everything

Some helpful retirement tips for employees from the IRS…

How much can I contribute to my **IRA for 2008**?

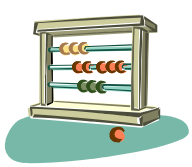
- the lesser of:
    - your taxable compensation
    - or $5,000 ($6,000 if 50 or older)

When must I make the contribution?

By April 15, 2009

Is my contribution deductible?

If it is a **Roth IRA** – no
If it is a **traditional IRA** – maybe
See page 30 of the 2008 **Form 1040 Instructions**,
page 29 of the 2008 **Form 1040A Instructions**.



For more retirement tips, talk to your employer or visit **www.irs.gov/ep**, select "Plan Participant/ Employee" and click on "Timing is Everything."

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