

October 2010

Welcome to Fiduciary Insights, the monthly newsletter that keeps you in touch with issues, trends, events, and insights of significance to individuals connected with the retirement plan industry. The articles have been carefully selected from a variety of high quality sources.

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General Items

Employers Adding 401k Plan Features to Drive Participation and Savings

Summary: Charles Schwab released new insights into the growing number of employers providing their employees with value-added 401k plan features that help drive positive plan participation and savings behaviors. Located at: 401khelpcenter.com.

Click here to read article now

Link to the Full Article --->>

http://www.401khelpcenter.com/press_2010/pr_schwab_082410.html

How to Tell if You Have a Good 401k Plan

Summary: A good 401k plan can boost your chances of a secure retirement and perhaps even allow you to retire sooner—if you take advantage of it. A generous employer contribution and

low-cost investment options coupled with the tax deferral will help your savings grow. Conversely, an expensive 401k plan with poor investment choices will make it more difficult to save for retirement. Here's how to tell if your company has a competitive 401k plan. Located at: U.S. News & World Report.

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Retirement Plans: 401ks and Hardship Withdrawals

Summary: Fidelity Investments, the nation's largest provider of workplace retirement savings plans, reported last week that in the second quarter savings were up, but hardship withdrawals from these 401ks also increased. If you aren't familiar with hardship withdrawals, here's what the Internal Revenue Service says about hardship withdrawals. Located at: Bankrate.com.

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Retirement Plans: Former Employees Can Be Current Problems

Summary: While plans can cash out some participants automatically, such as those with small account balances, participants with higher balances might choose to stay in the plan. When they do, administrators run the risk of losing track of them and don't understand the full impact these former employees can have on their retirement plan. Located at: Society for Human Resource Management.

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A Cross-Testing Primer

Summary: A profit sharing plan may not treat highly compensated employees more favorably than nonhighly compensated employees. Thus, the plan must have a definitely determinable allocation formula that passes nondiscrimination testing. This is an overview. Located at: McKay Hochman.

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Options for Obtaining a Determination Letter for Your Prototype Plan

Summary: Employers need to consider alternatives if a determination letter wasn't obtained for a prototype plan and to confirm that current documents are being maintained to preserve the

qualified status of a retirement plan. The alternatives available to employers is reviewed here. Located at: Employee Benefit News (free registration may be required).

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Tapping 401k Funds Can Open Your Business to Tax Problems

Summary: Did you use 401k funds to start your business, or are you tapping into your retirement to get you business through the current credit crisis? BusinessWeek recently drew attention to a possible trap: The IRS is starting to pay more attention to entrepreneurs who finance their businesses using money from their 401k funds. Located at: Small Business Trends.

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403(b) Plan Items

Exercising Fiduciary Control Over the Investment Menu in 403(b) Plans

Summary: Under ERISA 403(b) plans, the plan sponsor and other fiduciaries are responsible for the management of the plan and its investments in accordance with the demanding standards of ERISA Section 404. There are four central duties under this provision, which require fiduciaries to act. Located at: Plansponsor.com.</p>

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Fiduciary Items

Allocation of Revenue Sharing

Summary: Most 401k fiduciaries have not focused on properly allocating the revenue sharing received by their plan's recordkeeper. In fact, it is possible that many plan fiduciaries are not aware that their recordkeepers are receiving revenue sharing from the investments, while others may assume that the recordkeepers are handling the matter properly, or assume that it is not an issue of concern for plan sponsors. Those are dangerous assumptions. Located at: Reish & Reicher.

[Click here to read article](#)

Tips for Documenting the Selection and Monitoring of Your Advisers

Summary: In selecting service providers, the responsible plan fiduciary must engage in an objective process designed to elicit information necessary to assess the qualifications of the service provider, the quality of the work product, and the reasonableness of the fees charged in light of the services provided. In addition, this process should be designed to avoid self-dealing, conflicts of interest or other improper influence. Located at: Reish & Reicher.

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Common Mistakes in Preparing Plan Committee Minutes

Summary: In most 401k and 403(b) plans, the fiduciary function of selecting and monitoring investments and service providers is carried out by a committee-typically, the financial and human resources officers. These meetings are an important part of fulfilling the fiduciary obligation to act for the exclusive purpose of providing benefits to participants and defraying reasonable expenses of operating the plan. An important part of showing that the committee has met this requirement is the documentation of its meetings. Located at: Reish & Reicher.

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Studies and Research

Fidelity Data Shows Loans and Hardship Withdrawals on the Rise

Summary: Fidelity Investments released its quarterly data on the state of the 401k that show positive, steady savings behavior by the majority of participants. However, it also cited an increase in the use of loans and hardship withdrawals by participants. Located at: 401khelpcenter.com.

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Adoption of Auto Plan Features Stalled

Summary: Very few employers surveyed that do not use auto plan features currently plan to adopt them in the next 12 months, according to a report from AARP. Located at: Plansponsor.com.

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Commentary and Opinion

Roth is Wrong for Some People

Summary: Fred Reish writes, "I have been worried for some time that plan sponsors and participants do not understand the consequences of Roth deferrals. I am concerned that many plan sponsors do not educate participants properly and that many uninformed participants are making Roth deferrals." Located at: Reish & Reicher.

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Regulatory Items

The 408(b)(2) Regulation: An Overview

Summary: On July 16, 2010, the DOL's interim final regulation under ERISA §408(b)(2) was published in the Federal Register. This article describes the final regulation in detail, with a few comments on the likely impact of certain provisions. Located at: Reish & Reicher.

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How Not To Apply For A Favorable Determination Letter

Summary: A favorable determination letter is the IRS's way of telling you that your plan complies as to form with current legal requirements. In other words, it is a type of "insurance policy" that says your plan is qualified. But the process can go terribly wrong. Located at: Reish & Reicher.

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