Volume 8/Summer 2008

employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

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And Our Regular Columns

Steven T. Miller, TE/GE Commissioner, Speaks at Mid-Atlantic Benefits Conference

The Mid-Atlantic Employee Benefits Conference, co-sponsored by the IRS and the American Society of Pension Professionals and Actuaries, was held in Washington, DC, on May 22-23, 2008. Steven T. Miller, Commissioner, Tax Exempt and Government Entities, was the featured luncheon speaker.

Mr. Miller emphasized the broad themes of our society and its population of retirees. He noted that baby boomers are now retiring and discussed its impact on retirement issues. Enlarging on the theme that, as a society, we are not saving enough, he pointed out how to find ways to promote wider retirement coverage and to increase participation in retirement plans. Employees, he stated, are often not skilled investors, yet they are asked to assume larger and larger decisions affecting their retirement. Mr. Miller discussed four aspects, which he believes promotes greater plan participation: automatic enrollment arrangements, simplification, education, and Payroll Deduction IRAs.

He stated that EP is getting “the word out” through its Customer Education and Outreach program. He cited, for example, EP’s “Retirement Plan Pitfalls Workshop” and its related “Fix-It Guides,” a program directed to small employers and their tax advisors to find, fix, and avoid potential pitfalls in operating their retirement plans.

In addition, he covered ways to make the 401(k) and IRA environments friendlier to individuals. He pointed out that there are items which wear away at participants’ account balances—high risk of investment and little understood, but sometimes high fees. Mr. Miller stressed the importance of DOL’s efforts in this area and mentioned their approach to improve fee disclosure, both to plan fiduciaries and to plan participants. He noted that he was pleased that DOL was addressing this issue, especially in 401(k) plans.

In conclusion, Mr. Miller stressed that: “...the fundamental issue, I think, is facing up to the facts. Workers need to know realistically what it costs to buy a satisfactory retirement, and that it takes a lifetime to make the purchase. We can help by promoting transparency, promulgating simpler guidance, and educating. But the issue of how the bill will be paid, and by whom, remains a great challenge that all of us must tackle together.”

Click here for a complete transcript of **Mr. Miller’s speech**.•

Form 5307 Has Been Revised

Announcement 2008-23 indicated that Form 5307 was being revised to allow it to be optically scanned, thereby improving the Service’s processing of determination letter applications. The new **Form 5307** (revised March 2008) is available and will be required to be used beginning October 1, 2008. The Service will still accept applications filed with the prior Form 5307 (revised September 2001) through September 30, 2008.

The revised Form 5307 is available online in a fillable format. Customers are encouraged to complete the form (along with Schedules 8717 and 8905) online, print it, and submit the **original** bar coded application. The bar code at the bottom of the form will be optically scanned into our computer system. It is important that customers send in the original copy of the application and not a photocopy. **Photocopies of the bar code will not scan properly.**

A limited number of paper copies of Form 5307 and Schedules 8717 and 8905, imprinted with bar codes for optical scanning, may be obtained by calling (800) TAX-FORM ((800) 829-3676) or via the Internet link **Forms and Publications by U.S. Mail**.

If a practitioner wants to create their own version of the IRS bar coded Form 5307 and Schedules 8717 and 8905, they must follow the procedures in **Publication 1167**, *General Rules and Specifications for Substitute Forms and Schedules.* The substitute version of the form that is created MUST mirror (exactly) the IRS-printed Form 5307.•

We're Glad You Asked!

Each issue of the *EPN* looks at a common question we receive and provides an answer and additional resources in response to the question.

Can I set up and contribute to an IRA if I am already in my company's retirement plan?

Yes. You can contribute to an IRA whether or not you are covered by another retirement plan. There are certain requirements, however, that limit the amount that you may deduct for contributions to a traditional IRA. Contributions to a Roth IRA, while never deductible, may still be made even if you are a participant in an employer-sponsored plan. Roth contributions are limited based on your modified adjusted gross income (MAGI). You can calculate your MAGI using Worksheet 2-1 in **Publication 590**, *Individual Retirement Arrangements (IRAs)*. Based on your tax filing status, if your MAGI is below a certain amount, you can contribute the maximum, $5,000, to a Roth IRA for 2008, assuming you have at least $5,000 in earned income for the year. If your MAGI is above the amount, but within a certain range, your maximum contribution is reduced by a percentage. In addition, if you are aged 50 or older by the end of the year, you can contribute an additional amount to either IRA type as a "catch-up" contribution. A similar format (phase-outs and MAGI limits) applies to the deductibility of contributions to traditional IRAs for people, like yourself, who participate in employer-sponsored plans. The maximum annual contribution limit ($5,000 for 2008, $6,000 if 50 or older) apply in the aggregate to traditional and Roth IRAs, even though there is no limit on the number of Roth IRAs and traditional IRAs you may own. For example, if you are below the Roth IRA MAGI and you are 50 or older, the maximum amount you could contribute to all your IRAs for 2008 is $6,000. See the chart below for 2008 contribution and deduction limits to both types of IRAs.

	Contribution Limit	Catch-up Limit	Deductibility - Based on MAGI
Traditional IRA	$5,000	$1,000	S = $53,000 MFJ = $85,000 MFS = $0
Roth IRA	$5,000, if MAGI is below: S = $101,000 MFJ = $159,000 MFS = $0	$1,000	never deductible

Filing Status:

S = single
MFJ = married filing jointly
MFS = married filing separately

We're Glad You Asked! (continued)

What definition of compensation should we use when making either the 3% employer matching contribution or the 2% nonelective contribution to our SIMPLE IRA plan?

When an employer makes either the 3% matching contribution or the 2% nonelective contribution on behalf of a SIMPLE IRA plan participant, it is based on the participant's wages subject to income tax withholding *plus* the amount of salary reduction contributions, if any, made by the participant. Wages subject to income tax withholding are defined in Code §3401(a) and this is the amount shown in box 1 of an employee's Form W-2. Salary deferrals are reported on box 12, Code S. In addition, to permit SIMPLE IRA plans to be established for domestic help, compensation includes amounts paid for domestic service in a private home, local college club, or local chapter of a college fraternity or sorority, even though such amounts are not wages under §3401(a). The cap on the amount of compensation that can be considered for contribution purposes ($230,000 for 2008), which applies to most employer retirement plans, applies only to the 2% nonelective contribution.

In the case of a self-employed individual participating in a SIMPLE IRA plan, the 3% matching contribution or the 2% nonelective contribution is based on net earnings from self-employment determined under §1402(a) (Form 1040, Schedule SE, Section A, line 4 or Section B, line 6) prior to subtracting any contributions made under the SIMPLE IRA plan on the individual's behalf. Compensation for a self-employed individual also includes amounts paid for services performed by members of certain religious faiths that have received exemptions from the self-employment tax.

For additional information, see:

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

Pub 590, *Individual Retirement Arrangements (IRAs)*

Retirement Plans FAQs regarding SIMPLE IRA Plans

IRS employees contributing to this edition of the *Employee Plans News* are:

Jeanne Cronin
Kathy Davis
Robert Fabian
Elsie Garcia
Milan Kim
Roger Kuehnle
Louis Leslie
Mark O'Donnell
Nancy Payne
Sharon Polo
Bonnie Schaumberg
John Schmidt
Brenda Smith-Custer
Monika Templeman
Mikio Thomas
Kathy Tuite
Mel York

The Corner of Forms & Pubs

Electronic Filing of Form 5500 Moving Forward

DOL/EBSA is moving into the development phase of the EFAST2 system for electronic filing of the Form 5500 annual return/report. The EFAST2 system will receive, process, store, publicly disclose, distribute, and archive approximately one million Form 5500 submissions filed annually via the Internet. Electronic filing will be required for plan year 2009 filings, due in 2010.

Redesigned Form 990 Released for Tax-Exempt Organizations

The IRS recently announced the release of a redesigned **Form 990**, *Return of Organization Exempt from Income Tax*. This is the form that most public charities and other tax-exempt organizations are required to file annually. The new form will be used for the 2008 tax year beginning in 2009. More information about the Form 990 and background materials can be found on the **Tax Information for Charities & Other Non-Profits** web page.

Critical Priorities…With Monika Templeman
Today's Discussion: Employ Efficiencies

Monika, one of your Critical Priorities for this year is Employ Efficiencies. What exactly does this priority entail?

One of my Critical Priorities is to reduce burden on compliant taxpayers and use enforcement resources to better target noncompliance by "employing efficiencies." What I mean by "employing efficiencies" includes focused examinations, data-driven case selection methodologies, and using Employee Plans Compliance Unit (EPCU) compliance checks to leverage resources.

You referred to the focused examination approach as a component of the efficiencies EP Exam is employing. Please briefly explain this approach.

The primary objective of the focused examination initiative is to use a process that focuses on key issues based on plan type and industry. The focused examination approach provides the agent two to three issues to examine based on historical analysis, initial review, and industry type. After the initial interview and analysis of the records, the agent can expand the audit scope, if so warranted.

This concept allows agents to perform examinations more effectively and efficiently. In addition, this approach reduces time on an examination, allowing us to move on to other examinations while minimizing compliant taxpayers' time and expense. Current examination procedures call for field agents to use focused examination procedures for all examinations with the exception of training cases assigned to new hires and certain specified projects.

What has been the response to the focused examination concept?

Agents, plan sponsors, and plan practitioners have all given this program positive feedback. Not only does this concept save time on the IRS end, but it saves time and money for the employer and practitioner, as well. This concept will continue in future plan examinations.

Another facet in this Critical Priority is the selection of cases to examine.

Yes. In fulfilling our mission of protecting retirement plan assets and the benefits of plan participants, it is important that we foster and promote plan sponsors' compliance with the applicable Internal Revenue Code provisions. We cannot maximize our compliance impact if agents routinely audit compliant plans. Utilizing data-driven case selection methods allow us to focus on market segments with the highest potential for noncompliance.

"Risk-Based Targeted" case selection, or RBT, is one methodology for case selection. How does this process work?

A risk assessment analysis was completed on 79 market segments to determine compliance levels and problems. We currently have 34 market segments that we are following up on, marked as RBT examinations. These are segments where we identified a high level of noncompliance through the baseline examinations. RBT examinations are expected to improve the use of resources by leading to more productive examinations, focusing on less compliant market segments, which will reduce the burden on the compliant taxpayers.

The "Form 5500 Filing Tips - Are You a Multiemployer Plan?" article on page 8 of this newsletter indicates one example of how RBT works. The article notes the specific industries that are not completing the Form 5500 correctly. That data comes from RBT research. By eliminating 5500 filing errors up front, we can narrow the number of noncompliant plans, allowing agents to examine those returns that indicate potential noncompliance.

Employee Plans News

Employee Plans News (*EPN*) is a free, quarterly newsletter providing retirement plan information for retirement plan practitioners. *EPN* is prepared by the IRS' Employee Plans (Tax Exempt and Government Entities) office.

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

How to Subscribe

EPN 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 *EPN* are also archived there.

Send Comments/Suggestions to:

EP Customer Education & Outreach
SE:T:EP:CEO
1111 Constitution Ave., N.W., PE-4C3
Washington, DC 20224

FAX: (202) 283-9525

E-Mail:
RetirementPlanComments@irs.gov

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 section 125 cafeteria plans:

Please call (800) 829-1040.

Have there been any trends found through the RBT methodology that you could share with the practitioner community?

One example is a trend found in 401(k) plans. The ADP/ACP testing is a common problem according to our historical data. Therefore, any indication of a plan not meeting these tests identified by our classification unit will result in us selecting the return for examination. Other issues found include eligibility/coverage, contribution/deduction issues, and failure to follow the terms of the plan.

Another component in this Critical Priority is LESE Examinations. What does LESE stand for?

LESE is an acronym for **L**earn**, E**ducate**, S**elf-Correct**, E**nforce. EP Examinations started this new compliance initiative in FY2007.

How are LESE Examinations selected?

Form 5500 returns selected for LESE examinations are based on "judgment sampling." In other words, various sources from Employee Plans provide information to the Director, Employee Plans and to me for possible examination selection. It might be something an agent notices. It may come from a media report. It may be a trend picked up by a Customer Education and Outreach analyst while exhibiting at a conference. The Director of Rulings and Agreements might give us a tip. We analyze the information for trends or potential issues. These are just some examples of how we obtain possible examination issues. LESE Projects are used to test and measure plans' compliance levels.

Finally, you mentioned utilizing the EPCU to perform compliance checks as a way of expanding compliance contacts and leveraging resources. Please briefly explain how compliance checks differ from audits.

Compliance check contacts **are not** audits and are limited to a single issue. Since many questions/problems can be resolved without an audit, using the EPCU to conduct compliance checks leverages resources, significantly increases compliance coverage, and reduces taxpayer burden. Issues addressed by the EPCU are generally resolved through correspondence. A compliance check does not preclude the use of our EP Compliance Resolution System (EPCRS), unless the issue cannot be resolved and is referred for audit. Detailed information about the EPCU and current projects are available at our **EPCU web page**.

Do you foresee this Critical Priority carrying over to next year's priority list?

Absolutely. Employing Efficiencies is critical to our ability to maximize our compliance impact while reducing the burden for compliant plan sponsors. As always, I welcome ideas that lessen the burden on plan sponsors, practitioners, and revenue agents. Readers should feel free to e-mail me with any suggestions they may have to reduce the burden incurred when their plan or their client's plan is selected for examination.

Thanks for some of your time today, Monika.

Readers can go to this **e-mail address** and provide Ms. Templeman comments on this article or provide ideas for future articles.

Maintaining Electronic Records for Employee Plans Team Audit (EPTA) Plans

As plan administration has become increasingly automated, the Service is facing more obstacles in performing efficient examinations of EPTA taxpayers. Plan sponsors and administrators are performing and maintaining payroll, discrimination testing, distributions, and many other administrative functions electronically. While this should improve accessibility to these records, some employers and plan administrators are unable to either produce the specific electronic records or produce them in a format that is sufficient to support and verify compliance with Internal Revenue Code (IRC) requirements. The two most common challenges are:

- The employer has changed vendors, and no longer has a working relationship with the company that produced the output for the year under examination; and
- The specific employer-vendor contract doesn't require the vendor to provide the data being requested by the Service to the employer.

It is important that EPTA taxpayers understand their legal responsibilities in retaining electronic records.

The IRC and Income Tax Regulations provide that every person liable for any tax imposed by the IRC must keep books and records available at all times for inspection by authorized IRS employees, and they must be retained so long as their contents may become material in the administration of any internal revenue law.

Revenue Ruling 71-20 states that machine-sensible data media used for recording, consolidating, and summarizing accounting transactions and records within a taxpayer's automatic data processing (ADP) system **are** records that an employer must retain so long as the contents may become material in the administration of any internal revenue law.

Revenue Procedure 98-25 details the basic requirements that the IRS considers essential in cases where a taxpayer maintains records within an ADP system. This revenue procedure applies to all matters under the jurisdiction of the Commissioner, and specifically *includes* employee plans matters.

Some of the major points outlined in this revenue procedure include:

- A taxpayer's use of a third party to provide services in respect of machine-sensible records does not relieve the taxpayer of its recordkeeping obligations and responsibilities.
- The taxpayer must retain machine-sensible records so long as their contents may become material to the administration of the internal revenue laws.
- The taxpayer's machine-sensible records must provide sufficient information to support and verify entries made on the taxpayer's return.
- All machine-sensible records required to be retained by Rev. Proc. 98-25 must be made available to the Service upon request and must be capable of being processed.
    - "Capable of being processed" is defined to mean, "…the ability to retrieve, manipulate, print on paper (hardcopy), and produce output on electronic media..."
- The taxpayer must provide the Service at the time of an examination with the resources (e.g., appropriate hardware and software, terminal access, computer time, personnel, etc.) that the Service determines is necessary to process the taxpayer's machine-sensible books and records.

EPTA examinations involve the largest employer plans in the country. Analysis of the electronic records used in the administration of these plans is necessary in order to conduct the examination. As outlined in Rev. Proc. 98-25, the taxpayer is required to retain the machine-sensible records, and must produce such records to the IRS upon request. It is the taxpayer's responsibility to work with its vendor to satisfy this requirement.

If the taxpayer fails to comply with the applicable requirements, the IRS may issue a Notice of Inadequate Records and/or pursue other available legal remedies.

Our **EPTA** web page includes a Taxpayer Documentation Guide. This guide, developed by EPTA agents and outside practitioners, provides a comprehensive listing of documents needed for a proper examination of issues identified for examination. It assists plan sponsors in determining the documents/information needed to be kept current and readily available or recoverable when requested for an audit.•

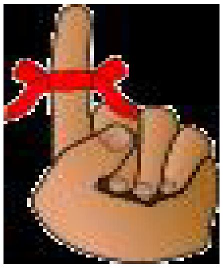
Form 5500 Filing Tips – Are You a Multiemployer Plan?

Due in large part to educational efforts, such as our article in the **Summer 2006 Edition** of *Employee Plans News*, we're happy to report a sizeable reduction in the misclassifying of Multiemployer plans trend found in many Form 5500 filings. Despite this success, there are still a significant number of plan sponsors who indicate they are a Multiemployer when they probably are not. In most of the instances, the errors come from filers who are Controlled Groups or Affiliated Service Groups that have a number of employers in their group, but are required to be treated as a single employer for tax return filing purposes. This is different from a **Multiemployer** (see Summer 2006 *Employee Plans News* for definition) that includes many employers who are treated separately for tax return filing purposes.

Form 5500 filers indicating that they are a Multiemployer in error are generally from very specific industries:

- Health Care and Social Services Industry
- Professional, Scientific, and Technical Services Industry, especially Legal Services; Accounting; and Architectural, Engineering, and Related Services
- Banking, Insurance, and Securities/Financial Investments areas, especially the Finance and Insurance Industry
- Retail Industry, especially Car Dealers
- "Other Service" Industry, particularly Funeral Homes

If you represent any of the industries noted above and have questions about properly completing the Form 5500, please visit **www.irs.gov/ep** and our **Form 5500 Filing Tips** section.•



Things to Remember - 2007 Forms 5500/5500-EZ

Forms 5500/5500-EZ for 2007 are due July 31, 2008, unless you file for an extension, using Form 5558. Below are some things to remember when filing your return:

Form 5500

Under the Pension Protection Act of 2006 (PPA), a new simplified reporting option is available for eligible plans with fewer than 25 participants, as of the beginning of the plan year. The simplified reporting option limits the required filing to:

1. The entire Form 5500;
2. Schedule A for any insurance contract for which a Schedule A is required under current rules completing lines A, B, C, D, and the insurance fee and commission information in Part I;
3. The entire Schedule B;
4. The entire Schedule I;
5. Schedule R identifying information and Part II; and
6. The entire Schedule SSA.

See the instructions for the "Voluntary Alternative Reporting Option for Certain Plans with Fewer Than 25 Participants," on page 8 of the 2007 Form 5500 Instructions describing this reporting option and its eligibility requirements.

Form 5500-EZ

Plans starting up on or before December 31, 2006, for which a Form 5500-EZ was required to be filed, will not need to continue filing the Form 5500-EZ, unless their total plan assets (for one or more one-participant plans, separately or together) exceed $250,000 at the close of the plan year beginning on or after January 1, 2007.

All one-participant plans **must** file a Form 5500-EZ for their **final** plan year even if the total plan assets have always been less than $250,000. The final plan year is the year in which the distribution of all plan assets is completed. (This would include rollovers to IRAs or transfers to other plans.) Check the "final return" box in Part I, Line A of Form 5500-EZ and zero assets should be indicated on line 11a(b), assets at the end of the year.

Remember that for the 2005 plan year and later, filers of 5500-EZ are no longer required to file any schedules with the form. Defined benefit plan filers are still required to collect and retain a completed and signed Schedule B, but are not required to file them with their Form 5500-EZs. Schedules are still required to be filed for years prior to 2005.

Other Items to Note

Notice 2002-24 suspended the filing requirement for fringe benefit plans. Fringe benefit plans include cafeteria plans (under IRC §125), educational assistance plans (under IRC §127), and adoption assistance plans (under IRC §137). *Note: Notice 2002-24 suspended the filing requirements for fringe benefit plans. It did not change the filing requirements for welfare plans.*

Welfare benefit plans must file a Form 5500 and cannot use Form 5500-EZ. (See Form 5500 Instructions under "Who Must File" for when it is required.)

If you need assistance completing your Form 5500/5500-EZ, would like to confirm the receipt of forms you submitted, or have related questions, call the EFAST Help Line at (866) 463-3278 (toll-free) and follow the directions as prompted. The EFAST Help Line is available Monday through Friday from 8:00 a.m. to 8:00 p.m., Eastern Time.

Web Spins - The Retirement Plans Site

We're back: Web Spins - the column that takes you for a quick spin around the "Retirement Plans Community" web page.

Governmental Plans Web Page

Materials from the first Governmental Plan Roundtable held April 22, 2008, are now available on our new **Governmental Plans** web page. We will continue to update this material to better serve the governmental plan community.

Fix-It Guides Web Page

We now have a consolidated **Fix-It Guides** web page to hold all our fix-it guides. These guides provide tips on how to find, fix, and avoid common mistakes in retirement plans. Currently, the 401(k) Fix-It Guide is available. Fix-it guides on SIMPLE IRA plans and SEPs are coming soon.

Staggered Remedial Amendment Period Web Page

The **Staggered Remedial Amendment Period Revenue Procedure** web page has been updated for recent guidance such as Announcement 2008-23 and Notice 2007-94. This web page also provides a list of recent guidance that may require interim or discretionary amendments.

TE/GE Commissioner's Remarks on Retirement Issues

Steven T. Miller's remarks made before the Mid-Atlantic Benefits Conference in Washington, D.C., on May 23, 2008, have been posted to the **Retirement Plans Community** web page.

EP FAQs

We have made some additions to our "EP FAQs." Recently, we added "FAQs regarding the EGTRRA Determination Letter Program for Pre-Approved Defined Contribution Plans" under section 5.5 Plan Design. The link to the "EP FAQs" is located on the left pane of the **Retirement Plans Community** web page.•

Highlights of the *Retirement News for Employers*

The *Retirement News for Employers* is filled with information of interest to retirement plan sponsors in the small employer community. Ask your clients to join the thousands of subscribers who have signed up for the free *Retirement News for Employers*.

The **Spring 2008 Edition** featured:

- "Interview with Joyce Kahn: New Law and Help for the Small Employer" discusses the impact of the Pension Protection Act on IRS Correction Programs in Employee Plans.
- "What Do I Do if My Plan is Selected for an Examination?" an interview with the EP Exam Director, assures readers that they do not have to panic during an EP audit.
- Required minimum distribution and SIMPLE IRA plan questions are answered in "We're Glad You Asked!"
- *"401(k) Fix-It Guide"* is an online resource for retirement plan sponsors and their tax advisors to help find, fix, and avoid common plan mistakes in 401(k) plans.
- Hardship distributions from a 401(k) plan must be made in accordance with the plan document in "Fixing Common Plan Mistakes."

It's easy to subscribe: Just go to the **Retirement Plans Community** web page, select "Newsletters," and click on "Retirement News for Employers."•

Employee Plans Published Guidance

(April 2008 – June 2008)

Regulations

REG-110136-07, 73 Fed. Reg. 15101	These proposed regulations contain guidance for Code §4980F notices when, for example, a plan amendment significantly reduces future benefit accruals and include references to the parallel notices under ERISA §204(h).
REG-108508-08, 73 Fed. Reg. 20203	These proposed regulations for Code §430 set forth rules for the determination of minimum required contributions for single employer defined benefit plan funding rules for plan years beginning in 2008. They also include Code §4971 proposed regulations that, among other things, pertain to quarterly contributions and the excise tax on liquidity shortfalls.
REG-100464-08, 73 Fed. Reg. 34665	These proposed regulations provide guidance on the defined benefit Code §411(b)(1)(B) accrual rule in cases where plan benefits are determined on the basis of the greatest of two or more separate formulas.

Announcements

Announcement 2008-23, 2008-14 I.R.B. 731	This announcement provides guidance on the opening of the pre-approved defined contribution program for Cycle A plans for EGTRRA.
Announcement 2008-44, 2008-20 I.R.B. 982	This announcement provides that individuals who have payments made by direct deposit under the Economic Stimulus Act of 2008 to their IRAs or certain other tax-favored accounts may remove the payments without incurring adverse tax consequences.
Announcement 2008-56, 2008-26 I.R.B.	This announcement provides for a change in the reporting of dividends on employer securities distributed from an employee stock ownership plan (ESOP) under Code §404(k).

We Want You…

to complete our Survey

Please help us by providing your thoughts on the Employee Plans Compliance Resolution System (EPCRS). IRS Employee Plans is conducting a short, voluntary, and anonymous survey designed to gauge the relevance and usefulness of the Self-Correction Program (SCP), one part of EPCRS. Your participation in this survey will greatly assist us in making our programs more responsive to the needs of plan sponsors, employees, and beneficiaries of the retirement plan system. Please look for our survey in an upcoming Special Edition of the *Employee Plans News.*•

DOL Corner

The Department of Labor's Employee Benefits Security Administration (DOL/EBSA) announced new guidance and tools to assist plan sponsors in complying with ERISA, including those featured below. You can subscribe to **DOL/EBSA's** web site homepage or **PPA** page for updates.

Qualified Default Investment Alternatives (QDIAs)

On April 30, EBSA published in the *Federal Register* **technical corrections** to the **QDIA final regulation**. They affect three areas of the final regulation including changes clarifying the preamble example on "round-trip" restrictions, expanding the scope of who can manage a QDIA, and correcting the "grandfather" relief for stable value funds.

On April 29, EBSA issued **Field Assistance Bulletin 2008-03** which provides guidance on frequently asked questions raised since publication of the final QDIA rule. The questions address issues relating to the scope of the regulation, the notice requirements, the 90-day limitation on fees and restrictions, management and asset allocation of QDIAs, the capital preservation investment option, and the grandfather relief for stable value funds.

Proposed Regulation to Increase Disclosure of Fees and Conflicts of Interest

A public hearing was held on March 31 - April 1 at DOL on the **proposed rules** and **proposed class exemption**. Visit **EBSA's Public Comments** page for the transcript of the hearing, requests to testify at the hearing, and testimony, as well as comments on the two proposals.

Plan Filing Update Webcast

Visit **EBSA's** homepage for the archived version of EBSA's recent webcast with the IRS on common filing errors, selecting an auditor for your plan, 403(b) plan filing preparation, blackout notices, and voluntary correction programs, among other issues.

Video to Help Small Employers Select Among Retirement Options

EBSA posted a **video** to help small employers and their accountants understand the various options for providing a retirement program for their employees. "Choosing a Retirement Solution for Your Small Business" introduces employers to the three most popular retirement arrangements.

The video can be downloaded or visitors can request DVDs. It was developed with the assistance of the American Institute of Certified Public Accountants. The video is part of the Choosing a Retirement Solution for Your Small Business campaign which includes a series of publications and an interactive web site. Visit **EBSA's** web site for these additional materials or call toll-free (866) 444-EBSA to request copies of the publications.

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.•

Free Subscription Service for "What's New:" Practitioners can now sign up to receive e-mail alerts whenever PBGC adds items to the "What's New" page. This is an easy way to keep up to date with PBGC's changes and items of interest that impact practitioners who deal with PBGC (e.g., consultants, actuaries, and third-party administrators). Sign up on the "What's New" page.

Premium E-Filings for Plan Year 2008

Final Rule on Variable-Rate Premium. On March 21, 2008, PBGC published a final rule to amend PBGC's Regulations on Premium Rates and Payment of Premiums. The amendments implement provisions of the Pension Protection Act of 2006 (PPA) that change the variable-rate premium for plan years beginning on or after January 1, 2008, and make other changes to the regulations. PBGC has updated the related premium instructions for 2008 final e-filings (now called Comprehensive Filings) to incorporate this final rule and posted them to its web site.

Estimated PBGC Premiums for 2008 Can Now be E-Filed

Estimated flat-rate premiums can be electronically filed via My Plan Administration Account (My PAA), PBGC's premium e-filing application, in accordance with PBGC's mandatory e-filing regulation. The per-participant flat-rate premiums, after adjustment for inflation, are now $33 for single-employer plans and $9 for multiemployer plans.

Comprehensive Filings Can be E-Filed Soon

PBGC forecasts that filers will be able to electronically file Comprehensive Filings (the new final filing for 2008) starting August 2008. This will allow sufficient time for filers to prepare and submit filings that are due October 15, 2008, the earliest Comprehensive Filing due date for calendar-year plans.

Missing Participants

PPA expanded the Missing Participants program under ERISA §4050 to cover terminating defined contribution plans, multiemployer defined benefit plans, and small professional service employer plans (25 or fewer active participants). The expanded program will be effective for distributions made after PBGC issues final regulations implementing the PPA changes. PBGC expects to issue a proposed regulation in 2008. PBGC is not accepting money or information from plan administrators for participants added under PPA until the changes have been put into effect.

PBGC Premium Filers Report Higher Satisfaction

PBGC recently completed its annual survey of premium filer customers using the American Customer Satisfaction Index (ACSI). Overall satisfaction increased to 72 from 2007's score of 70. This is the highest level achieved since PBGC began measuring premium filer satisfaction in 2002. Survey respondents reported the biggest improvement was in the ease of reaching the right person when they call PBGC. All key components of customer satisfaction increased as well. Those who requested refunds of premium overpayments also reported a significant improvement in refund timeliness. Filers, in their responses to open-ended survey questions, did report a slight amount of more difficulty in making their filings this year. This was not unexpected since it was the first e-filing for many filers. PBGC plans to address the feedback by improving the information on its web site to help clarify the e-filing process. PBGC also continues to address customer concerns with policy and legislative issues as it implements provisions of the PPA. Also, the agency is providing more information on policy issues via its web site and its new e-mail subscription service for practitioners.

Waiver for Small Employer Reporting of Missed Quarterly Contributions

On March 24, 2008, PBGC issued Technical Update 08-2, which waives reporting of missed quarterly contributions for plan years beginning in 2008 under PBGC's reportable events regulation for certain small employers.

Calendar of EP Benefits Conferences

UPCOMING EVENTS...

Name	Date(s)	Location	Co-Sponsor(s)	For Further Information, Please Contact
19th Annual SWBA/IRS Employee Benefits Conference	11/20/08-11/21/08	Dallas, TX	SouthWest Benefits Association (SWBA)	www.swba.org
Benefits Conference of the South	01/15/09-01/16/09	Atlanta, GA	ASPPA	www.asppa.org
Los Angeles Benefits Conference	01/28/09-01/30/09	Los Angeles, CA	ASPPA & NIPA	www.asppa.org

RECENT EVENTS...

Name	Date(s)	Location	Co-Sponsor(s)	For Information, See
Northeast Area Benefits Conference (2 Locations)	06/12/08-06/13/08	New York, NY & Boston, MA	ASPPA & NE Area Pension Liaison Group	www.irs.gov/ep
21st Annual Cincinnati Employee Benefits Conference	06/12/08-06/13/08	Cincinnati, OH	Cincinnati Bar Association	
Mid-Atlantic Benefits Conference	05/22/08-05/23/08	Washington, DC	ASPPA	
Great Lakes Benefits Conference	04/03/08-04/04/08	Chicago, IL	ASPPA & cooperating sponsors	

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