Volume 7/Winter 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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EP Connections: Interview with Michael Julianelle

Michael Julianelle, Director of Employee Plans, recently sat down with* Employee Plans News *to discuss his priorities for the upcoming year.

Welcome back to Employee Plans. What are your thoughts about returning to EP?

I am absolutely thrilled to be back in Employee Plans. My previous assignment in EP was a special time as I saw first hand that working with intelligent, committed, and passionate people that strive for success is a wonderful thing. Ensuring interaction between EP Examinations, Rulings & Agreements, and Customer Education & Outreach will be my primary focus. These EP offices will continue to work together to develop, implement, and deliver effective compliance programs and strike the right balance between service and enforcement. Teamwork has always been the key to success in EP and I hope to live up to the Carol "*Gold*" standard I learned during my previous assignment in EP.

What priorities will you focus on as EP Director?

- Protecting plan participants
- Listening to the benefits practitioner community
- Enhancing our relationship with the Advisory Committee on Tax Exempt and Government Entities (ACT)
- Developing employees' skills and providing training for them to do their job in administering the law
- Doing the right thing - even when it's difficult

I care about plan participants and employers that sponsor retirement plans. EP's mission is vital to the well-being of all Americans. I value our partnership with the benefits community in promoting sound retirement plan administration.

EP will face challenges as we continue to help sponsors, participants, and practitioners understand and comply with the law. Partnering with the benefits practitioner community is critical to the success of our programs. In future editions of this newsletter, I will share the challenges that we face together.

How important is the Staggered Remedial Amendment Period Revenue Procedure to providing timely, accurate, and responsive determination letter service?

In the past, when new legislation was enacted, requests for determination letters flooded into EP, creating massive backlogs. To address the backlogs we used examination agents to process determination letters. This dramatically reduced our audit presence, creating opportunities for people to abuse the private retirement system. Even with this additional help from EP Examinations it still took us years to complete processing these determination letter backlogs.

The staggered determination letter system was designed to provide more predictability both to the determination letter and examinations processes. The staggered procedure is still a new process in which we are learning. One item we have learned concerns timing of determination letter submissions. Because 73% of Cycle A applications were submitted in the two weeks prior to the cycle ending on January 31, 2007, we experienced a "mini-spike" in inventory. We had hoped that many applications would be submitted earlier. This "mini-spike" resulted in an instant backlog causing a longer response time in the issuance of determination letters. One of our priorities is to encourage employers and practitioners to submit their determination letter requests earlier in each cycle. We are currently working Cycle A applications with the goal of closing 60% by January 31, 2008, and to begin processing Cycle B applications.

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Can you tell us why an increased EP audit presence is so vital?

The overriding objective of the EP examinations program is to develop and integrate compliance and enforcement programs that have a positive impact on the retirement plans system. Our role is to make sure that the plan is operating in accordance with the plan terms and providing appropriate benefits to plan participants. Obviously, when our presence diminishes, the opportunity for noncompliance increases. We strive to avoid that as much as possible. Considering that there are over one million filers, we will focus our efforts on those returns that demonstrate audit potential and then spend additional time only on those returns that indicate areas of noncompliance. One way to do this is by refining our inventory selection methods using a market segment approach, and then using information derived from those examinations in order to better select returns in the future. We'll also improve our analysis of the data we have at hand to ensure we are focused on our critical priorities and we will remain nimble by shifting our resources to areas of potential abuse. Our expansion into abusive schemes is an example of this.

As stated in Revenue Procedure 64-22, an examinations program should be both reasonable and vigorous. It should be conducted with as little delay as possible and with appropriate courtesy and considerateness. It should also be vigorous in requiring compliance with the law. In applying this concept, we will look at issues from the customer's perspective to improve the process and to make it less burdensome on everyone. In summary, EP Examinations recognizes our responsibility for maintaining the private retirement system, borne through compliance enforcement with a customer focus.

What efforts are underway to improve the service that is provided to the benefits community?

Let me address your question in terms of improvements to our educational/outreach services.
In 2008 EP will accomplish the following:

- Expand the scope of EP events offered to the community. For example, we are developing a workshop to increase small business employers' awareness and knowledge of our retirement plan correction programs. The workshop will cover our new "fix-it guides" outlining how to find, fix, and avoid common plan mistakes.
- Increase plain language information for the community. Our goal is to enhance ***Employee Plans News*** and ***Retirement News for Employers*** to include more relevant content for their respective audiences and provide plain language information, with a focus on guidance related to the Pension Protection Act of 2006 (PPA). All information related to PPA will be noted in the **PPA of 2006 Chart (sorted by topic)** and **PPA of 2006 Chart (sorted by Code/ERISA section)**.
- Assess the effectiveness of EP outreach products. By conducting dialogues with our customers, we can validate and improve our products. The first priority will be on sponsor/employer-based products.
- Use video to educate the community. For example, we will host 30 minutes of EP produced videos on an external web site enabling customers to link from our web page. One video is promoting ***The Navigator***.
- Enhance education to plan participants/employees. For example, we are developing a marketing campaign to promote the upcoming enhancement of the "Plan Participant/Employee" segment (**www.irs.gov/ep**) and "Timing is Everything." This effort's signature item will include a video on *"What You Can Expect to Get Out of Your Retirement Plan"* based on "life events."

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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's 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.

EP Connections... *continued from page 3*

Where can the benefits community find out more about EP compliance programs?

The best place is to visit the "Retirement Plans Community" web page at **www.irs.gov/ep** and view the **FY 2008 EP Work Plan**. The work plan sets forth EP's strategies, operating priorities, goals, and objectives for this year.

How can the benefits community share their thoughts with you?

Send an e-mail to my attention at **RetirementPlanComments@irs.gov**. Please share with me ideas on how EP can better protect plan participants or how EP can better implement and deliver our compliance programs. I welcome the community's ideas.

In October 2007, Michael Julianelle was selected as Director, Employee Plans. He has worked for the IRS in a variety of positions since 1978. Recently, he was Director of Government Entities for TE/GE after serving as EP Examinations Director from 2004 to 2006. Prior to that, he served as the International Area Director for Small Business/Self-Employed (SB/SE) Division, where he was responsible for SB/SE's Worldwide Operations, including Puerto Rico and the U.S. Territories. Mr. Julianelle also developed and managed the Offshore Territory Program, specializing in offshore transactions and abusive scheme promoters. He holds a B.S. degree in Accounting from the University of Connecticut.

Interim Amendment List Has Been Updated

The list of **2007 Interim and Discretionary Amendments** has been updated for §1.401(k)-1(e)(8). Section 1.401(k)-1(e)(8) provides that with respect to compensation that is paid (or would have been paid but for a cash or deferred election) in plan years beginning on or after July 1, 2007, a cash or deferred election can only be made with respect to amounts that are compensation within the meaning of §§415(c)(3) and 1.415(c)-2. In addition, footnote 1 has been modified to reflect a concern that has been raised with the Service regarding whether an amendment is required for gap-period income based on the final regulations under §402(g). There is a pending technical correction regarding gap-period income. The Service is looking at this issue and will address it as soon as possible.

Critical Priorities…with Monika Templeman
Today's Discussion: Partnering Relationships

Monika, as you meet with benefits practitioners across the country, you stress the importance of maintaining a partnership with the practitioner community.

Yes I do. Practitioners and the Service have similar goals and visions - to preserve and enhance the retirement system for participants and beneficiaries and to promote voluntary compliance. Since we have the same goals, why not work together to achieve them?

While you were with the EP/EO Key District in Los Angeles, you utilized several innovative techniques to partner with the practitioner community.

I believed the Service had to do something to increase communication with the community. The small plan actuarial project in the late 1980s created a climate similar to a high school dance – we were on one side of the room and the practitioners were on the other side. I began with baby steps by sharing my plan through forms of outreach. I then orchestrated a liaison group. We broke bread, actually pizza, and shared ideas to overcome barriers and to determine how we could accomplish our mutual goals. Today, all area managers and I continue this partnership.

Why is this partnership so important to you?

We continue to create numerous web-based solutions to improve compliance and reduce stakeholder burden. By having the practitioner community involved in this process from the beginning, it guarantees that the products and tools truly meet their needs.

What products have been developed in this joint venture with practitioners?

We have an **Employee Plans Examination Process Guide** that describes the examination process. The last time I checked, nobody enthusiastically anticipates a pension audit, so we created this guide to explain the examination process from start to finish. Within this guide is the **Audit Efficiency Guide**, which helps establish a working relationship between my examiners and the plan sponsors and/or practitioners. Another example of a joint effort is the **Taxpayer Documentation Guide**, which provides a comprehensive listing of documents needed for a proper examination of issues identified for examination in our large case program. There are several others as well.

How can practitioners get involved in this partnership?

There are three key ways. First, we have an Advisory Committee for TE/GE, or ACT. The ACT is the only Commissioner-sanctioned advisory group. EP practitioners apply and are selected by the IRS. Next, we have liaison practitioner groups. There are groups in each of the five areas across the country, as well as global groups such as one concentrating on the large case program and one focusing on the voluntary compliance program.

Unlike the ACT, these liaison group members are not selected by the IRS?

No. The organizations that create these groups solicit and select the members. They ask us to participate in their meetings and offer their services to assist us in the creation of our web-based products. We participate with these groups at their invitation if we have mutual goals.

Can practitioners offer their assistance without joining one of these groups?

Yes. This is the third key way that practitioners can partner with us. I always provide an **e-mail address** in these articles for practitioners to offer me suggestions for new products, news articles, speech topics, and any other ideas they wish to share. I also encourage interaction when I speak at conferences.

Any final thoughts you wish to share with your readers?

I have a couple of final thoughts. First, I wish to thank each and every practitioner and member of the retirement plans community who has given his or her time in assisting us in creating and maintaining the products we have developed. Your efforts make both our jobs just a little easier. Next, by continuing to work together, the possibilities to improve the private retirement system are endless. Trust is hard to gain and simple to lose. That is why it is important for me to avoid relationship erosion and continue the wonderful rapport I have with you. I hope it continues to be the same for you. I look forward to working with you on ways to improve the private retirement system in America. •

We've Been Busy

Whew! November has been a busy month for *Employee Plans News* with the release of a News Flash and three Special Editions:

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

Angel Carrington, Kathy Davis, Michael Julianelle, Roger Kuehnle, Teresita Laureano, Peter McConkey, Mark O'Donnell, Nancy Payne, Marty Pippins, Michael Rubin, Bonnie Schaumberg, John Schmidt, Brenda Smith-Custer, Monika Templeman, Mikio Thomas, and Kathy Tuite.

November, 2007 News Flash reported that a §204(h) notice, an advance 45-day notice given to participants when a plan is amended to reduce the rate of future benefit accruals, is not required when a defined benefit pension plan is amended for PPA actuarial assumption changes, but is required for §436 benefit restrictions. (ERISA §101(j) notice will suffice). Also, the issuance of Revenue Ruling 2007-67 provides the 2008 mortality table to be used in calculation of lump-sum distributions made in plan years beginning in 2008.

November 7, 2007 Special Edition announced IRS proposed regulations on eligible automatic contribution arrangements, including the introduction of a safe-harbor "qualified automatic contribution arrangement." It also discussed permissable default elective contribution withdrawals and the time period extension to 6 months by which corrective distributions must be made to avoid the §4979 10% excise tax.

November 15, 2007 Special Edition provided a link to sample notices that plan sponsors can use to inform participants about their rights and obligations under eligible automatic contribution arrangements and qualified automatic contribution arrangements of the PPA.

November 30, 2007 Special Edition announced that in Revenue Procedure 2007-71, model plan language is available for public schools and other eligible employers to use for their 403(b) plans. Also, Notice 2007-94 published the 2007 Cumulative List of Changes in Plan Qualification to be used by individually designed plan sponsors whose EIN ends with either 3 or 8, or by §414(d) governmental plans.

Highlights of *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 **Fall 2007 Edition** featured:

- Common Errors uncovered in SEP and SIMPLE IRA plan audits;
- "Is an Automatic Contribution Arrangement Right for Your Plan?" includes links to IRS proposed regulations and sample language for its notice requirement;
- Fixing Common Plan Mistakes: Correcting a Failure to Effect Employee Deferral Elections; and
- 2008 Retirement Plan Cost-of-Living Adjustments.

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

(October 2007 – December 2007)

Regulations

REG-133300-07 – 72 Fed. Reg. 63144	These proposed regulations, which were published with reliance under §§401(k), 401(m), 402(c), 411(a), 414(w) and 4979(f), pertain to certain automatic contribution arrangements.

Revenue Procedures

Rev. Proc. 2007-71, 2007-51	This revenue procedure provides model plan language that may be used by public schools to satisfy the written plan requirement set out in the 2007 final regulations under §403(b).

Revenue Rulings

Rev. Rul. 2007-65, 2007-45 I.R.B. 949	This revenue ruling addresses post-retirement medical and life insurance benefits under §§419 and 419A of the Code while granting limited prospective application to one of its holdings.
Rev. Rul. 2007-67, 2007-48 I.R.B. 1047	This revenue ruling discusses the applicable interest rate timing rules and applicable mortality table to be used for lump sum distributions made during a plan year which begins on or after January 1, 2008.

Notices

Notice 2007-81, 2007-44 I.R.B. 899	This notice provides guidance on the corporate bond yield curve and the segment rates required to compute the funding target and other items under §430 of the Code as provided by §112 of the PPA. It also provides that for plan years beginning in 2008-2011, the minimum present value segment rates will be blended to obtain the §417(e)(3) interest rate.
Notice 2007-83, 2007-45 I.R.B. 960	This notice alerts practitioners and taxpayers that certain transactions involving §§419 and 419A welfare benefit funds are considered to be abusive tax avoidance transactions being promoted to and used by taxpayers to avoid or evade federal income and employment taxes and that they are now listed transactions.

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Notices (continued)

Notice 2007-87, 2007-45 I.R.B. 966	This notice contains the cost-of-living adjustments pursuant to §415(d) for pension plans, etc., as well as the limits under §§25B for savers credits, 219 for traditional IRAs, and 408A for Roth IRAs for years beginning on or after 1/1/2008.
Notice 2007-94, 2007-51 I.R.B.	This notice contains the 2007 Cumulative List of Changes in Plan Qualification Requirements described in section 4 of Rev. Proc 2007-44 I.R.B. 54. The 2007 Cumulative List is to be used by Cycle C filers.

Get Your EIN Online

New Online Application Eases Process

Taxpayers can now apply for an Employer Identification Number (EIN) online using a new irs.gov web application. The IRS expects this improved, streamlined application process to reduce or eliminate common EIN processing errors.

How it Works

The new interactive EIN application process asks a series of questions based on the type of business entity the taxpayer is establishing. The IRS issues the EIN immediately, after validating the applicant supplied information. The filer is able to download, save, and print their EIN confirmation notice before leaving the web site. Once issued, the EIN becomes a permanent number and can be used immediately for most business needs, including opening bank accounts and filing returns.

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.

401(k) Plan Potential Mistakes provides tips for plan sponsors in identifying, correcting, and avoiding 11 common errors. Check them out at www.irs.gov/ep by selecting "Correcting Plan Errors" in the left pane.

The Pension Protection Act of 2006 web page now includes two handy charts, listing each PPA provision section, description, relevant IRC/ERISA section, applicable published guidance, and if available, other information sources. One chart is sorted by "topic," the other by "Code/ERISA section." The charts are updated periodically.

The Corner of Forms & Pubs

Welcome back to *The Corner of Forms & Pubs* where we update you on changes to EP forms and publications.

Forms Update

With the holiday (err, filing) season upon us, here's some updated info on the following forms:

- **Form 5500-series** - With its **Media Release** of October 10, 2007, the Department of Labor, along with the IRS and the Pension Benefit Guaranty Corporation, announced the release of the 2007 Form 5500, instructions, and schedules. Informational copies of the 2007 Form 5500-series returns are available for viewing on our **EP Forms/Publications/Products web page**. **Note**: see "DOL Corner" on page 11 of this newsletter for information on future years' Form 5500-series returns.

- **Form 5558**, *Application for Extension of Time To File Certain Employee Plan Returns* (January 2008 revision date), will be available online within a few weeks*. For Form 5330 extensions*: Due to the fact that notices regarding the approval/denial of extension requests will be automatic beginning in January 2008, the *Notice to Applicant* section (on the bottom portion of the form) has been eliminated.

Publications Update

The following publications have been revised (the last three were produced jointly with DOL/EBSA):

- *Pension and Annuity Income* (**Publication 575**), discusses the tax treatment of distributions received from pension and annuity plans and explains how to report the income on your federal income tax return. The publication has been updated for use in preparing 2007 individual tax returns.

- *Choosing a Retirement Solution for Your Small Business* (**Publication 3998**), highlights key features of various retirement plans that may be of interest to small business owners and tax practitioners with clients that may be able to sponsor a retirement plan.

- *SEP Retirement Plans for Small Businesses* (**Publication 4333**), is designed for small business owners and provides guidance on the establishment, operation, and maintenance of Simplified Employee Pension (SEP) plans.

- *SIMPLE IRA Plans for Small Businesses* (**Publication 4334**), is designed for small business owners and provides guidance on the establishment, operation, and maintenance of Savings Incentive Match Plan for Employees (SIMPLE) IRA plans.

Happy New Year!

The IRS has revised its highly popular *2008 IRS Tax Calendar for Small Businesses and Self-Employed* (**Publication 1518**). The calendar is filled with general tax information, helpful hints, and a list of the most common tax due dates.

EP forms and publications are available on the **Retirement Plans Community web page** by clicking on "EP Forms/Publications/Products" in the left pane. Paper copies may be ordered by calling (800) TAX-FORM (829-3676).•

PBGC Insights

Proposed Rule on Disclosure of Termination Information: On Dec. 5, 2007, PBGC published a **proposed rule** to implement §506 of the Pension Protection Act of 2006, which amended §§4041 and 4042 of ERISA. These amendments require that a plan administrator disclose information submitted to PBGC in connection with a distress termination filing, and that a plan administrator or plan sponsor disclose information it has submitted to PBGC in connection with a PBGC-initiated termination. Comments on the proposed rule are due Feb. 4, 2008.

Minimum Lump Sum Assumptions for Terminating Single-Employer Plans; PPA: On Dec. 3, 2007, PBGC issued **Technical Update 07-3**, which provides guidance on lump sum calculation issues for single-employer plans that terminate in standard terminations (and in certain distress terminations) pursuant to ERISA §4041. In particular, the Technical Update provides that, if a plan terminates before the effective date of PPA changes to the interest rate and mortality table used in determining minimum lump sum values, the pre-PPA assumptions apply for determining lump sum payments made on or after that effective date.

Transitional Guidance on 4010 and 4043 Reporting Requirements: On Nov. 28, 2007, PBGC issued **Technical Update 07-2** providing guidance on the applicability of changes made by the PPA as they relate to PBGC's regulations on Annual Financial and Actuarial Information Reporting (29 CFR part 4010) and Reportable Events and Certain Other Notification Requirements (29 CFR part 4043). For example, the Technical Update states that PBGC interprets the PPA amendments to ERISA §4010 as applying to information years beginning after 2007, which means that the $50 million gateway test is still used to determine whether a 4010 filing is required for information years beginning in 2007.

Expected Retirement Age Update: On Nov. 30, 2007, PBGC published a **final rule** amending its valuation regulation by substituting a new table for selecting a retirement rate category. The new table applies to any plan being terminated in either a distress or PBGC-initiated termination or with a valuation date falling in 2008.

2008 Maximum Guarantee: On Nov. 30, 2007, PBGC published a **final rule** amending its benefit payment regulation by updating the maximum guaranteeable monthly benefit table for 2008. The maximum guaranteeable monthly benefit for 2008 is $4,312.50 (as compared with $4,125 for 2007).

Reminder - All Plans Must Electronically Submit Premium Filings Starting Plan Year 2007: All premium filings (estimated or final, original or amended) for plan years beginning on or after Jan. 1, 2007, must be submitted electronically via PBGC's e-filing application, My Plan Administration Account (My PAA). To learn more about premium e-filing via **My PAA**, please click on "Online Premium Filing (My PAA)" on the "Practitioners" page of PBGC's web site at **www.pbgc.gov**.

Information About Premium Filings for Plan Year 2008: On Nov. 30, 2007, PBGC published a **notice** announcing that the per-participant flat-rate premium for plan years beginning in 2008 is $33 (up from $31 for plan years beginning in 2007) for single-employer plans and $9 (up from $8) for multiemployer plans. The premium rates are adjusted for inflation each year based on changes in the national average wage index, as required by the Deficit Reduction Act of 2005. These new rates are expected to be programmed into **My PAA** in January 2008 for filings for plan years beginning in 2008. When My PAA is ready, filers will be able to prepare and submit Estimated Filings for plan year 2008 (for which Feb. 29, 2008, is the earliest filing due date for calendar year plans). Please note that, initially, only Estimated Filings will be allowed for plan year 2008 because of the substantial changes that are required as a result of the PPA, particularly with respect to the variable-rate premium. My PAA will be updated for these changes to allow sufficient time to prepare and submit filings due Oct. 15, 2008 (for calendar year plans).

What's New for Practitioners: To keep up to date with PBGC's changes and items of interest that impact practitioners, we suggest that practitioners who deal with PBGC (e.g., consultants, actuaries, and third party administrators) periodically access "What's New" on PBGC's web site at **www.pbgc.gov**. The link to "What's New" can be found in the upper right corner of the Practitioners page. Keep an eye on the "What's New" page for a new subscription service that's coming soon, which will allow you to sign up to be alerted whenever we add something to the page.•

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.

Proposed Expansion of Class Exemption on Settlement of Litigation

A **proposed amendment** to Prohibited Transaction Exemption 2003-39, commonly known as the Settlement Class Exemption, was published to expand the categories of assets that can be accepted under the exemption to settle litigation with related parties, if the transaction is otherwise beneficial to the plan. Comments should be submitted to DOL/EBSA's Office of Exemption Determinations by January 22, 2008.

2009 Form 5500 Annual Return/Report

A **final rule** and a **notice of adoption of revisions** were published by DOL/EBSA, the IRS, and the PBGC for revisions to the Form 5500 Annual Return/Report for plan year 2009, including a deferral for one year of the move to the wholly electronic filing system.

The forms also include changes required by the PPA for defined benefit pension plans and multiemployer plans. Those changes are required to be implemented for the 2008 plan year and will be included in the 2008 Form 5500.

Final Rule on Default Investment Alternatives for Participant-Directed Plans

A **final rule** was published in the *Federal Register* establishing qualified default investment alternatives (QDIAs), making it easier for employers to automatically enroll workers in their 401(k) and other defined contribution plans. The regulation implements PPA provisions providing relief to plan fiduciaries who invest the assets of participants who do not provide investment direction in QDIAs. The QDIAs described in the rule will encourage the investment of employee assets in investment vehicles appropriate for long-term retirement savings.

Additional Guidance on Timing of Individual Benefit Statements

Field Assistance Bulletin 2007-03 provides that plan administrators of individual account plans that do not provide for participant direction of investments will, in the absence of further guidance, be deemed in good faith compliance with the law if benefit statements are furnished to participants and beneficiaries on or before the date the Form 5500 annual return/report is filed by plans, but not later than the last date on which the plan administrator is required to file the report, including any extensions.

Online Calculator To Help in Computing Penalties, File Overdue Form 5500 Reports

The EBSA web site now includes an **interactive calculator** that makes it easier for employers and plan administrators who are delinquent in meeting annual reporting requirements under ERISA to accurately compute penalties owed under the agency's Delinquent Filer Voluntary Compliance Program (DFVCP).

Interactive Web Tool on Fiduciary Responsibilities under ERISA

The **ERISA Fiduciary Advisor** is a new interactive web tool to help employers and service providers to private sector retirement plans understand their responsibilities and comply with the law.

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**.

Benefits Conferences Coming to a Site Near You

The IRS, the American Society of Pension Professionals & Actuaries (ASPPA), and the National Institute of Pension Administrators (NIPA) will host the **2008 Los Angeles Benefits Conference** at the Westin Los Angeles Airport on January 24-25, 2008, with a preconference workshop (Conversations with the IRS and DOL) on January 23, 2008.

Featured sessions include: Washington Update; Defined Benefit Funding Changes and Hottest New Actuarial Plan Designs; Comparison of the IRS and DOL Electronic Media Guidelines; Cash Balance Plan Update; New Disclosure Requirements: What are we Telling Participants?; Recent Developments Impacting 403(b) Plans; Health & Welfare Update; Mergers and Acquisitions—DOL Regulations/IRS Audits; EPCRS-Guidance for Smaller Companies and Other Emerging Issues; Nonqualified Plans under the 409A Regulations; and IRS Employee Plans Examination and Enforcement.

For more information about the conference or to register, please visit **www.asppa.org** or call ASPPA at (703) 516-9300.•

The University of South Carolina's Moore School of Business, the IRS, and the Department of Labor will host the **37th Annual Retirement & Benefits Management Seminar** at the Hilton Executive Park Hotel in Charlotte, NC on April 24-25, 2008. The seminar, designed for employee benefits professionals, will provide technical discussions, updates, and networking opportunities. IRS will participate in several sessions: Audit Examinations, "Ask the Experts" Panel, IRS/DOL Panel and will provide an information table.

IRS featured speakers include: Cathy Jones, EP Area Manager, Mid-Atlantic; Steve Detillian, EP Manager, Cincinnati; Marty Pippins, Supervisory Tax Law Specialist, Washington, DC; Kathy Schaffer, EP Mid-Atlantic Area Coordinator; and Stacy Smith, EP Revenue Agent, Mid-Atlantic Area.

The seminar is accredited for attendees to earn CPE or CLE credits. For more information about the seminar, please contact Helen Doerpinghaus, University of South Carolina, at **doerp@moore.sc.edu** or Bonnie Schaumberg, Mid-Atlantic Area Analyst Customer Education & Outreach, at **bonnie.l.schaumberg@irs.gov**.•

We're Glad You Asked!

Welcome to the debut of our newest recurring column "We're Glad You Asked!" This column will look at common questions we receive and provide answers to the questions, along with additional resources.

In 2007, what is the maximum amount that I can contribute to my Roth IRA and my designated Roth account in my employer's 401(k) plan?

The limits for a Roth IRA and a designated Roth account in a 401(k) plan are separate. The maximum salary deferral that you may contribute to your 401(k) plan in 2007 is $15,500. This limit applies to the total salary deferrals to a 401(k) plan, both pre-tax deferrals and designated Roth contributions (which are after-tax deferrals). In other words, the maximum that you can defer to your combined pre-tax and after-tax accounts in your 401(k) plan is $15,500. Of course, your plan and/or any nondiscrimination tests may further limit your deferrals. If you are age 50 or over by December 31, 2007, you may defer an additional $5,000 "catch-up" contribution, made up of either pre-tax or after-tax contributions or a combination of both. These 401(k) contributions are not limited as your adjusted gross income increases.

In the case of a Roth IRA, contributions are limited based on your income. For instance, if you are single and your income is less than $99,000, you will be able to contribute $4,000 to a Roth IRA in 2007. This is in addition to the $15,500 you defer to your 401(k) plan. If you are age 50 or over, you may contribute an additional $1,000 to your Roth IRA for 2007. So, if you are age 50 or over,

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you could potentially contribute a maximum of $25,500; that is, $20,500 to your 401(k) plan with a designated Roth account and $5,000 to your Roth IRA.

For additional information, see:

Pub 590, Individual Retirement Arrangements
Pub 4530, Designated Roth Accounts Under a 401(k) or 403(b) Plan
Retirement Plans FAQs regarding Designated Roth Accounts

Calendar of EP Benefits Conferences

UPCOMING EVENTS...

Name	Date(s)	Location	Co-Sponsor(s)	For Further Information, Please Contact
Los Angeles Benefits Conference	01/24/08-01/25/08	Los Angeles, CA	ASPPA, NIPA, & cooperating sponsors	**www.asppa.org**
Great Lakes Benefits Conference	04/03/08-04/04/08	Chicago, IL	ASPPA & cooperating sponsors	**www.asppa.org**
Mid-Atlantic Benefits Conference	05/22/08-05/23/08	Washington, DC	ASPPA	**www.asppa.org**
Northeast Area Benefits Conference (2 Locations)	06/12/08-06/13/08	Boston, MA & New York, NY	ASPPA & NE Area Pension Liaison Group	**www.asppa.org**
21st Annual Cincinnati Employee Benefits Conference	06/12/08-06/13/08	Cincinnati, OH	Cincinnati Bar Association	**www.cincybar.org**

RECENT EVENTS...

Name	Date(s)	Location	Co-Sponsor(s)	For Information, See
18th Annual SWBA/IRS Employee Benefits Conference	11/15/07-11/16/07	Dallas, TX	Southwest Benefits Association (SWBA)	**www.irs.gov/ep**
Benefits Conference of the South	09/20/07-09/21/07	Atlanta, GA	ASPPA	