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Compliance Checks - I Received a Letter, Now What?

Monika's Desk Side Chat explains [compliance checks](#) and how to respond to a letter

Latest 401(k) Questionnaire Developments

The [next steps](#) in the project, including plans for those who declined to complete the Questionnaire

EP Phone Forums:

- March 4 - [Technical Guidance](#) - Recent published guidance and updates on governmental and international IRS Initiatives
- March 24 - [Form 5330 Completion and Processing Tidbits](#) - Avoiding common mistakes

We're Glad You Asked!

- Allowing [in-service distributions](#) to be rolled over into designated Roth accounts in a 401(k) plan
- [SIMPLE IRA plan contributions](#) for a terminated employee

New on the Web

- Designated Roth Accounts
 - [In-plan Roth rollover FAQs](#), including questions about how to handle [2010 in-plan Roth rollovers](#).

- [Top ten differences](#) between a Roth IRA and a designated Roth account.
- [Designated Roth Accounts](#), including in-plan rollovers.
- [Comparison Chart](#) of 401(k), Designated Roth Accounts, and Roth IRAs
- The [SEP Fix-It Guide](#) 2011 update has video links describing plan mistakes
- [Updated IRA FAQs](#) on 2010 and 2011 qualified charitable distributions from an IRA

Workshops for Small and Mid-Size 501(c)(3) Tax-Exempt Organizations

[Register](#) for one of seven nationwide workshops designed for those responsible for a 501(c)(3) organization's tax compliance

IRS Tools

- [Online Services](#) - links to Free File, Where's My Refund, the Interactive Tax Assistant, online calculators and more
- [IRS on YouTube and Twitter](#) - videos on tax topics and Twitter newsfeeds
- [IRS2Go mobile application](#) - free smart phone app to check the status of a refund and obtain tax tips

Recurring Columns

- [DOL News](#)
- [EP Recent Published Guidance](#)
- [Mark Your Calendar](#)
- [Timing is Everything](#)

Pre-Approved Retirement Plans - Tips for Employers

Like many other employers, you may have purchased a [pre-approved plan](#) from a [pre-approved plan sponsor](#) and adopted it as your employees' retirement plan. Regardless of the [type of retirement plan](#) or the type of pre-approved plan you've purchased, you are ultimately responsible for making sure the plan complies with all legal requirements. Here are a few tips to help you meet this responsibility.

Service Agreements

Your service agreement outlines plan responsibilities for you and your pre-approved plan sponsor. Ask yourself these questions to make sure you fully understand your service agreement:

- Who is responsible for updating the plan document for any law changes?
- Who will administer the plan – the pre-approved plan sponsor or a third party?
- Who gives any required plan notices to the participants?
- Who files required [forms and returns](#) with the IRS or the Department of Labor?
- Who determines whether any nondiscrimination testing will be required?
- Who conducts any required nondiscrimination testing, and when will the testing be done?
- Where will the plan accounts be maintained? What are the fees for those accounts?
- How will the funds be invested? What are the fees associated with the investments?
- If something goes wrong and the plan becomes noncompliant, how will the pre-approved plan sponsor or a third party assist in bringing the plan back into compliance and at what cost?
- What information do you have to give to the pre-approved plan sponsor or administrator and when must you provide it?
- What other services are you entitled to under the agreement? An annual compliance check?
- What fees will you be charged by the pre-approved plan sponsor or third party?
- What are your remedies if the pre-approved plan sponsor doesn't provide the services detailed in the agreement?

Adoption Agreement

If you signed an adoption agreement outlining your plan feature choices, this becomes part of your plan and you must follow its terms when operating the plan. Make sure you completely understand the features you have chosen in the adoption agreement. An adoption agreement may include:

- when employees are eligible to participate in the plan;
- types and amounts of contributions allowed by the plan;
- how employer contributions are allocated;
- vesting schedule; and
- distribution options.

Keep a copy of the pre-approved plan and refer to it for definitions and provisions that relate to your adoption agreement.

Communication with the Pre-Approved Plan Sponsor and Administrator

Pay close attention to all communications from your pre-approved plan sponsor and administrator. Make sure you fully understand these communications and promptly provide any requested information. Keep the opinion or advisory letter for your pre-approved plan. You must promptly sign any plan amendments sent to you by your pre-approved plan sponsor (if a signature is required). If your sponsor signs amendments on your behalf, send copies of these to your plan administrator.

Coordination with Payroll

Make sure your payroll processor has a copy of your plan and any amendments, understands and correctly implements them. For example, make sure your payroll processor:

- uses the definition of compensation specified in your plan for contribution purposes and maximum limitations;
- timely deducts the correct amount of employee contributions;
- deducts the correct amount of any loan repayments.

Be sure to timely notify your payroll processor of any newly eligible employees who have enrolled in the plan as well as any required elective deferral suspensions for employees who have taken hardship withdrawals.

Review your Plan

Periodically review your plan document and plan operations to answer questions such as:

- Is your existing plan still right for your business? Many times, employers may have a plan that is too complicated or is not providing the right benefits for their employees.
- Are there other features that you can add to your plan to further benefit your employees? For example, should you consider adding an [automatic enrollment feature](#), or [designated Roth accounts](#)?
- Is your plan operating according to the plan document's terms?
- Ask your pre-approved plan sponsor if the plan has been updated for current law.

Free IRS Resources

The IRS provides many free resources to help employers with their plans or to raise awareness of issues so you can ask the right questions.

- www.irs.gov/retirement - Tools and resources to help you with your plan. You can find FAQs on various retirement plan topics, information by plan types and programs such as examinations and correcting plan errors.
- [Fix-It Guides - Common Problems, Real Solutions](#) - Tips on how to find, fix, and avoid common mistakes in retirement plans. Each Fix-It-Guide links to a checklist that can help you do a quick check-up of your plan.
- [Retirement Plan Publications/Products](#) - Plain language publications and other products about retirement plans topics

Fixing Common Plan Mistakes - SIMPLE IRA Sponsor with a Related Business

The Issue

SIMPLE IRA plans are a great choice for a small business. SIMPLE IRA features include:

- elective deferrals of up to \$11,500 each year (plus an additional \$2,500 for those age 50 and over),
- required employer matching contributions on the first 3% of elective deferrals or 2% of salary for everyone in the plan,
- no annual forms to file, and
- no nondiscrimination testing required.

A SIMPLE IRA plan must cover every employee who earned at least \$5,000 in any two previous years. Also, only an employer with 100 or fewer employees may sponsor a SIMPLE IRA plan.

The Problem

SIMPLE IRA plan rules can get complicated if you have related businesses. If your business is part of a controlled group or affiliated service group, the law considers the employees of the other business your employees and you must include them in your SIMPLE IRA plan.

Generally, you may need to include employees of another business in your SIMPLE IRA plan if you:

- own another business (80% or more ownership),
- are part of a group of 5 or fewer persons who own 80% or more of both your business and another business and identical interests in both businesses owned by the group members total more than 50%, or
- are part of an affiliated group of businesses working together to provide services to customers.

The rules for determining control and affiliation are detailed and you should consult your tax professional if you believe they may apply. Below are a few examples of when the employees of another business must be included in your SIMPLE IRA plan.

Example: You own 100% of Business A, which sponsors a SIMPLE IRA plan for its employees. The employees of Business B are also considered your employees, and must be included in the SIMPLE IRA plan, in the following situations:

- **You directly own another business**
You own 80% of Business B and the remaining 20% is owned by an unrelated party. A and B are part of your controlled group.
- **Your business owns another business**
Your business, A, owns 80% of Business B. A and B are part of your controlled group.
- **Your spouse owns a business**
Your spouse owns 100% of Business B. You do not own any interest in Business B; however, you provide significant management services for your wife's business. Your spouse's interest in Business B will be attributed to you and Business B is part of your controlled group.

Your spouse's business ownership is attributed to you unless you meet all of the following:

1. You do not own any direct interest in your spouse's business,

2. You do not participate in your spouse's business as a director, fiduciary, officer, employee, and do not manage the business any time during the year
 3. Your spouse's business' income is not 50% or more passive income (rent, dividends)
 4. Your spouse's ownership interest is not restricted to favor you or your minor children
- **You own a business with your children**
You own 60% of Business B. Your son, age 10, owns 10% of Business B and your daughter, age 30, owns 30%. Your son's interest will be attributed to you because he is a minor. Your daughter's interest will also be attributed to you because you own more than 50% of the business. Business B is part of your controlled group.

Failures that result when you have related businesses

Overlooking the employees of your related business can cause several plan failures:

1. Employer ineligibility to sponsor a SIMPLE IRA plan occurs when:
 - you have exceeded the 100-employee limit, or
 - your related business sponsors another retirement plan;
2. Exclusion of employees of related businesses from participating in the plan; or
3. Inclusion of ineligible employees can occur if you previously included employees of a related business in your plan but that business is no longer part of your controlled group.

The Fix

These failures can result in the loss of tax benefits for both the employer and employees. To correct these failures, you can use the IRS [Voluntary Correction Program](#).

VCP has a special form for SIMPLE IRA plan sponsors to report common plan failures. [Appendix F, Schedule 4](#), is specifically designed to allow sponsors of IRA-based plans to correct failures relating to:

1. plan sponsor ineligibility,
2. failure to make required employer contributions,
3. failure to provide employees the opportunity to make deferrals, or
4. contributing excess amounts to the plan.

Check the boxes for your specific failures and follow the instructions for the correction method.

Correcting a SIMPLE IRA plan failure:

The employer must use these standard correction methods to use Schedule 4.

Ineligible plan sponsor

You may be ineligible to sponsor a SIMPLE IRA plan if the combined number of employees (who earned \$5,000 or more during the preceding calendar year) in your related businesses exceeds 100. In most cases, a grace period of two calendar years will apply before you are considered ineligible.

Example: In 2008, the number of employees (who earned \$5,000 or more during the preceding calendar year) in your controlled group exceeded 100 for the first time. In 2009 and 2010, you continued to have over 100 employees. You became an ineligible employer in 2011.

To correct this failure, you must stop all contributions to the SIMPLE IRA plan for 2011. Your VCP submission must state the date that contributions stopped. It is not necessary to distribute amounts you contributed to the plan in 2009 and 2010.

Exclusion of employees

If you erroneously excluded employees who were eligible to participate in the SIMPLE IRA plan, you must contribute additional amounts to the plan for each excluded employee. For employees of related businesses who were entirely excluded from the plan, the contribution will equal:

1. 1.5% of compensation to reflect the employee's missed opportunity to make a deferral election; and
2. A 3% matching contribution or 2% nonelective employer contribution, depending on the employer contribution rate used at the time of the failure.

Contributions must include earnings that the excluded employee would have received and these must be calculated up to the date the corrective contribution is made.

Eligible employees are those employees who earned \$5,000 or more in any 2 prior years, regardless of their age or hours of service.

If an affected employee does not have a SIMPLE IRA account, set up an account for that employee.

Inclusion of ineligible employees

It's possible to have a SIMPLE IRA plan failure by including employees that shouldn't have been in your plan. If you previously included employees of a related business in your SIMPLE IRA plan, but that business is now no longer part of your controlled group, you may have a failure.

To correct the failure, the excess amounts should be distributed from the plan. The ineligible employees should be informed that:

- the contributions to their account were ineligible and should be removed from their SIMPLE IRA, and
- the distribution is not eligible for tax-free rollover to another retirement account.

Employer contributions, adjusted for earnings through the date of correction:

- should be returned to you; and
- are not included in the gross income of the affected participant or deductible by you.

The amount returned is reported on Form 1099-R as a distribution issued to the affected participant, indicating the taxable amount as zero.

Making Sure It Doesn't Happen Again

In a controlled group, ensure that your payroll system has proper internal controls to properly apply the plan provisions. For example, if each related business determines eligibility for plan participation, they may have different interpretations of who is and who is not eligible. Finally, if you are unsure how your business is affected by the rules for controlled and affiliated service groups, consult your tax professional.

Desk Side Chat With Monika Templeman-Compliance Checks-What Do I Do When I Get a Letter from the EPCU?

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.

Monika, along with standard examinations, your office is performing more compliance checks. Why do both?

We need to be proactive in assisting plans to stay in compliance. Performing compliance checks in addition to standard examinations allows us to leverage our examination resources, significantly increasing coverage and expanding our enforcement presence through correspondence-based contacts. This approach has proven so successful that we have expanded the [Employee Plans Compliance Unit](#) to three work groups. The EPCU is able to resolve many issues without an audit, such as determining whether a record-keeping or reporting requirement is being met or matching information to resolve errors or discrepancies, while helping to educate taxpayers at the same time. We also use Compliance Check Questionnaires to learn more about compliance issues and behaviors impacting the health of retirement plans.

What are the differences between a compliance check and an examination of a return?

There are several key differences. A compliance check contact is not an audit or an investigation under Code §7605(b) and does not preclude a plan sponsor's use of IRS correction programs to inexpensively correct plan errors. Although a compliance check involves verifying information on a return filing, books and records are not inspected. In comparison, an examination involves a revenue agent visitation to determine tax liability and involves inspection of the books and records. The agent verifies that the plan is in overall compliance in form and in operation. A significant difference is that, unlike a compliance check letter from the EPCU, upon receipt of a written or oral Notice of Audit, the plan sponsor is prohibited from filing a Voluntary Correction Program application under EPCRS.

How are taxpayers contacted for compliance checks?

Generally, EPCU uses written correspondence and/or telephone calls to contact plan sponsors. The IRS does not initiate communications with taxpayers through e-mail.

What steps should plan sponsors take if they receive a letter from the EPCU?

First, read the correspondence and make sure you understand the request. If you have questions about it, contact the person whose name appears on the letter. Then, gather and provide the information requested in the letter.

Can the plan sponsor send more information?

The plan sponsor can always provide more information, including documents to help resolve any issue that the EPCU raises.

What could happen if the plan sponsor does not answer the EPCU letter?

Failure to answer the correspondence could result in further action, including examination of the plan.

Do taxpayers have the opportunity to see the results of the EPCU projects?

Yes. We include [summary reports](#) on completed EPCU projects at www.irs.gov/retirement. These reports provide a recap of the project's background and results. We encourage plan sponsors to use these reports as an internal control check for their plan.

What are the EPCU current projects?

Our current projects include a [SIMPLE IRA project](#) to check for potential non-amenders, a [SEP project](#) requesting plan sponsors complete a short questionnaire and international projects on [domestic trusts](#) maintained by foreign entities and [foreign distributions](#) to confirm reporting and payment of early distribution taxes by individuals with foreign addresses.

For a complete list of current projects and more information, visit the [EPCU Web page](#).

401(k) Questionnaire - Next Steps

In May 2010, the [Employee Plans Compliance Unit](#) sent letters to a statistically valid sample of 1,200 401(k) plan sponsors who were instructed to complete the 401(k) Questionnaire online by visiting a secure website and using a PIN number provided in the cover letter. The EPCU recently completed the 401(k) Questionnaire Project's information-gathering phase. Our next phase is to evaluate responses from the completed questionnaires to:

- better understand 401(k) plan compliance issues,
- determine how our tools and voluntary compliance programs are working, and
- identify participant awareness and plan sponsor compliance issues.

Monika Templeman, Director, Employee Plans Examinations, recently discussed the next steps in the process.

Non-responders: We will conduct a full-scope examination of plans whose sponsors who did not return the Questionnaire to provide the data needed for our 401(k) market segment analysis.

Responders: We would like to thank the plan sponsors who completed the Questionnaire. While the plans of responding sponsors are not exempted from future EP examinations or compliance checks, any notice of examination would not be a direct result of their answers on the questionnaire.

All Plan Sponsors: We encourage all plan sponsors to use the [Questionnaire](#) as an internal control tool to review your plan and determine if it is in compliance. Follow up by using our [correction programs](#) to fix any plan mistakes.

Interim Report: We will post an interim report to our [website](#) with general findings from the Questionnaire by the end of September.

Final Report: We will post a final report to our website next year.

Stay tuned to our newsletter for announcements on the release of the interim and final reports.

We're Glad You Asked!

Can we amend our 401(k) plan to allow current employees to take in-service distributions from their pre-tax elective deferral accounts and roll them into their designated Roth accounts in the plan?

Yes, you can amend your 401(k) plan to allow in-service distributions to current employees from their pre-tax elective deferral accounts under certain conditions and then permit these distributions to be rolled over to the employees' designated Roth accounts.

The plan may allow in-service distributions of pre-tax elective deferrals to be rolled over to an employee's designated Roth account as of the earliest that the employee:

- reaches age 59 ½;
- dies; or
- is disabled.

Plans may also allow an in-service distribution from pre-tax elective deferral accounts if the distribution is a *qualified reservist distribution* – a post-September 11, 2001, distribution to a military reservist or a member of the National Guard who has been called to active duty for at least 180 days or for an indefinite period.

You must adopt the amendment by the last day of the year in which the amendment is to be effective. For example, if you want your calendar-year plan to allow in-service distributions beginning in 2011, you would have to adopt an amendment by December 31, 2011. Likewise, if you want the plan to allow in-plan Roth rollovers (a rollover of an [eligible rollover distribution](#) from a non-Roth account into the designated Roth account in the same plan) beginning in 2011, you would have to adopt an amendment by December 31, 2011.

The amendment may state a condition that the employee must roll over an in-service distribution as an in-plan Roth rollover. However, if your plan already allows in-service distributions, you may not limit them to those being rolled over to the employee's designated Roth account.

Additional Resources

- [FAQs: Designated Roth Accounts](#)
- [Designated Roth Accounts](#) Web pages
- [Notice 2010-84](#), *Guidance on In-Plan Roth Rollovers*

We're Glad You Asked!

Our former employee, Ann, quit her job on January 27, 2011, after we had already deducted \$75 from her wages for contribution to our SIMPLE IRA plan. Do I have to return her \$75 salary reduction contribution and do I still have to make the 3% match based on her \$2,000 gross wages earned before quitting?

You cannot return Ann's \$75 salary reduction contribution because you have already deducted it from her wages as a SIMPLE IRA plan contribution. Ann met the SIMPLE IRA plan's eligibility requirements and elected to have this amount deducted from her wages as a salary reduction contribution. The law requires you to deposit her salary reduction contribution as soon as administratively feasible. If you deposit participant contributions with the plan within 7 business days ([safe harbor period](#)), you are deemed to comply with the law.

A SIMPLE IRA plan may not require a participant to be employed on a specific date to receive an employer contribution. If a participant terminates service during the year after making a salary reduction contribution, he or she would still be entitled to an employer contribution.

Shortly before the beginning of each year, a SIMPLE IRA plan sponsor must notify employees whether a 3% matching contribution or a 2% non-elective contribution will be made for the upcoming year. You promised to give a 3% matching contribution to your employees. Therefore, you must match Ann's salary reduction contributions up to 3% of her \$2,000 compensation (\$60) even if you make the contribution after she terminates employment.

Additional Resources:

- [Publication 560, Retirement Plans for Small Business \(SEP, SIMPLE, and Qualified Plans\)](#)
- [FAQs - SIMPLE IRA Plans](#)

DOL News

The Department of Labor's Employee Benefits Security Administration (DOL/EBSA) announced new guidance as featured below. You can subscribe to [DOL/EBSA's](#) homepage for updates.

Proposed Definition of “Fiduciary” of Employee Benefit Plans

On October 22, DOL/EBSA published a [proposed rule](#) to update the definition of “fiduciary” to more broadly define the term as a person who provides investment advice to plans for a fee or other compensation.

The proposed amendment would update the definition to take into account changes in the marketplace and in the practices of investment advice providers.

As the proposal notes, the 1975 rule's approach to fiduciary status may inappropriately limit DOL/EBSA's ability to protect plan sponsors, plans, participants and beneficiaries from conflicts of interest that may arise from today's diverse and complex fee practices in the retirement plan services market. The 1975 regulation may leave many employers, participants and beneficiaries who expect to receive unbiased advice unaware of the potential conflicts of interest of those who provide investment advice for a fee.

The proposed rule, which more closely reflects the statutory definition, is designed to remedy this problem, and protect plan officials and participants who expect unbiased advice, by giving a broader and clearer understanding of when individuals providing such advice are subject to ERISA's fiduciary standards.

DOL/EBSA will hold a public hearing on March 1 and March 2 on the proposed regulation amending the definition of the term “fiduciary.” The hearing will begin at 9 a.m. EST in DOL's auditorium, 200 Constitution Ave., NW in Washington, DC. The hearing is open to the general public. The hearing agenda will be available on [DOL/EBSA's](#) homepage.

The extended comment period for the proposed regulation has now closed. [Comments](#) are available on DOL/EBSA's website.

Helping Small Business Owners (and their employees) Save for Retirement – Information on Options and Tools

As part of America Saves Week, DOL/EBSA and the Consumer Federation of America's “America Saves” campaign will hold a free webcast on February 23 for small businesses and their service providers on choosing a retirement savings plan, the use of direct deposit for a retirement plan and more.

DOL will be joined by the IRS to discuss retirement savings options available for small businesses. The webcast will provide practical information and helpful tips to understand and compare the options, and to start and operate a retirement savings plan. The options not only provide an effective way to save for a secure retirement, but most also provide tax advantages for both employers and employees. Choosing a retirement savings plan can be easier than many small business owners think.

The Consumer Federation of America and NACHA - The Electronic Payments Association will focus on direct deposit as a way to simplify employees' ability to build savings for retirement at work and build stronger financial futures. They also will discuss the ways in which direct deposit helps employers, including simplifying business processes and increasing productivity.

The webcast will be held on February 23 from 2 – 4 p.m. EST. You can [register](#) on DOL/EBSA's homepage.

Target Date Retirement Fund Disclosures

On November 30, DOL/EBSA published a [proposed rule](#) to enhance target date retirement fund disclosures. The proposed rule would amend the “qualified default investment alternative regulation” and the “participant-level disclosure regulation” to provide more specificity regarding the information that must be disclosed to participants and beneficiaries concerning investments in target date funds.

The proposed amendments require new disclosures about the design and operation of target date or similar investments, including an explanation of:

- The investment's asset allocation
- How that allocation will change over time, with a graphic illustration
- The significance of the investment's “target” date

The proposed amendments also require a statement concerning the risk that a participant investing in a target date fund may lose money in that investment, even if they are close to retirement.

The comment period has closed. [Comments](#) are available on DOL/EBSA's website.

Annual Funding Notice Requirement

On November 18, DOL/EBSA published a [proposed rule](#) pursuant to the Pension Protection Act to implement the annual funding notice requirement under of ERISA §101(f).

The proposed regulation requires administrators of all defined benefit plans subject to ERISA's Title IV to provide an annual funding notice to:

- the Pension Benefit Guaranty Corporation;
- each plan participant and beneficiary;
- each labor organization representing such participants or beneficiaries; and
- in the case of a multiemployer plan, to each employer that has an obligation to contribute to the plan.

Prior to implementation of the Pension Protection Act, only multiemployer plans were required to disclose any funding information.

An estimated 29,500 plans covering approximately 44 million participants and beneficiaries are subject to these disclosure requirements. Among other information, a funding notice must include the plan's funding target attainment percentage or funded percentage, as applicable, over a period of time.

The proposed regulation contains [model notices for single employer plans](#) and for [multiemployer plans](#).

[Comments](#) are available on DOL/EBSA's website.

Affordable Care Act

DOL/EBSA has a [dedicated Web page](#) for guidance and educational information as well as outreach events on the Affordable Care Act. You can subscribe to the Web page for notice of updates.

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.

Mark Your Calendar

Stay on top of your retirement plan's deadlines! Here are some important dates in the upcoming months. Please note that the filing dates are for calendar-year plans; non-calendar-year plans must adjust these dates.

February 28:

- Paper Forms 1099-R and 1096 for 2010 distributions due to IRS

March 15:

- Application for waiver for 2010 minimum funding standard for defined benefit plans
- ADP/ACP distributions of 2010 excess amounts, with earnings, due to highly compensated participants to avoid 10% excise tax (June 30, in the case of certain eligible automatic contribution arrangements)
- [Form 1042S](#), *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
- 2010 corporate employer contributions due to take tax deduction (with no corporate filing extension)

March 31:

- Electronic filing of Form 1099-R for 2010 distributions due to IRS
- Single-employer defined benefit plan actuary must certify Accumulated Funding Target Attainment Percentage (AFTAP) for 2011 in order to avoid potential 10% decrease in presumed AFTAP from prior year

April 15:

- Deadline for returning 2010 participant deferrals, with earnings, in excess of \$16,500 (\$22,000, if age 50 or older)
- First quarterly defined benefit contribution installment due for the 2011 plan year
- 2010 self-employed individual and partnership employer contributions due to take tax deduction for 2010 (with no filing extension)

Timing Is Everything - Retirement Savings Contributions Credit

Looking for a way to save money on your 2010 taxes? You might qualify for the Retirement Savings Contributions Credit (also known as the Saver's Credit) if you:

- meet [income and eligibility](#) requirements, and
- contribute to a traditional or Roth IRA, a 401(k), 403(b), governmental 457, SARSEP or SIMPLE IRA plan.

The credit is equal to 50%, 20% or 10% of your contributions up to \$2,000 (\$4,000 if married filing jointly) depending on your adjusted gross income reported on your 2010 Form 1040 or 1040A. Use the chart below to calculate your credit.

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$33,500	AGI not more than \$25,125	AGI not more than \$16,750
20% of your contribution	\$33,501 - \$36,000	\$25,126 - \$27,000	\$16,751 - \$18,000
10% of your contribution	\$36,001 - \$55,500	\$27,001 - \$41,625	\$18,001 - \$27,750
0% of your contribution	more than \$55,500	more than \$41,625	more than \$27,750

*single, married filing separately or qualifying widow(er).

You must use [Form 8880](#), *Credit for Qualified Retirement Savings Contributions*, to claim the Saver's Credit.

See [Publication 4703](#), *Retirement Savings Contributions Credit*, and [Publication 590](#), *Individual Retirement Arrangements (IRAs)*, for more information