

# Important Approaching Deadlines

## Please make note of these important approaching deadlines for calendar year plans:

### June 30, 2016:

- **6 months after plan year-end:** Deadline for completion of corrective distributions for failed actual deferral percentage/actual contribution percentage plan testing for certain plans with an eligible automatic contribution arrangement to avoid the Internal Revenue Service 10 percent excise tax assessed against the employer on the amounts distributed.

In order for a plan with an eligible automatic contribution arrangement to take advantage of the ability to delay refunds processing until six months after the end of the plan year without the 10 percent penalty, the eligible automatic contribution arrangement provisions must apply to all employees, not just employees hired after the eligible automatic contribution arrangement provisions were adopted.

### July 28, 2016:

- **210 days after plan year-end:** Deadline for distributing the Summary of Material Modification (SMM) if the plan was amended in 2015.

### August 1, 2016:

- **7 months after plan year-end:** Deadline for the employer to file the Form 5500, Form 5500-SF and Form 8955-SSA. If we provide Form 5500 series return preparation services for your plan, you can take advantage of the extended Form 5500 filing deadline of October 17, 2016, that we requested for your plan. We have filed the Form 5558, Application for Extension of Time To File Certain Employee Plan Returns, on your behalf and marked Box D on the Form 5500 and Box C on both the Form 5500-SF and Form 8955-SSA (if applicable) to indicate the extended deadline.
- **Last day of the 7th month after the end of the tax year of the employer or other person who must file the return:** Deadline for employers to file Form 5330, Return of Excise Taxes Related to Employee Benefit Plans, for excise tax due on nondeductible contributions and prohibited transactions (including the excise tax due as a result of late deposits).

If your plan year begins on a date other than January 1, please make adjustments to the dates to coincide with your plan year. Not all deadlines are based on the plan year. Examples of deadlines not based on the plan year include return of excess deferrals (April 15), required minimum distributions (April 1) and Form 5330 filing for prohibited transactions (last day of the 7th month after the end of the tax year of the employer or other person who must file the Form 5330.) Under Internal Revenue Code section 7503, when a deadline falls on a weekend (i.e., Saturday or Sunday) or a legal holiday, the performance of such acts shall be considered timely if completed the next business day. However, corrective distributions should be processed the day before the weekend or legal holiday.

July 2016



# Visit the Internal Revenue Service Form 5500 Corner

The Internal Revenue Service (IRS) has a page devoted to information and links pertaining to the filing of the Form 5500 such as:

- Forms
- Filing Tips
- Troubleshooters Guide
- Form 8955-SSA information
- Delinquent Filer Voluntary Compliance Program
- Explanation of IRS Notices such as a delinquency notice

Visit the [Form 5500 Corner](#) for more information.

*July 2016*

# Calendar Year Form 5500 Series Return and Form 8955-SSA are Due Soon

**Form 5500 filings for calendar year plans are due without extension on August 1, 2016. With extension, filings are due October 17, 2016. There are several things you should be thinking about now to ensure you are prepared to file the Form 5500 by the deadline.**

## *Consider the following:*

- Have you obtained your credentials to file your Form 5500 or Form 5500-SF electronically?
- Have you remitted all of your contributions for the 2015 plan year?
- If your plan transitioned to OneAmerica/McCready during the 2015 plan year, have you provided us with prior Form 5500 filings as well as financial information for the period of time during the plan year that your plan was with your previous recordkeeper? We must receive all information by August 1, 2016, in order to complete your filing timely.
- Do you have a fidelity bond for your plan?
- If your plan is a large plan (i.e., a plan with 100 or more participants), have you made arrangements for an independent audit of your plan?
- If your plan is a small plan (i.e., a plan with less than 100 participants), does it qualify for the audit exemption under the [Small Pension Plan Audit Waiver Regulation](#)? If not, have you made arrangements for an independent audit of your plan?
- Have you been remitting employee contributions and loan repayments timely? Information about late deposits must be reported and penalties may apply.
- Have you notified your plan manager of any changes to your address, phone and/or contact information? We will notify you by email when your Form 5500 is complete; therefore, accurate contact information is very important.

• We filed a Form 5558, Application for Extension of Time To File Certain Employee Plan Returns, on behalf of clients for whom we prepare a Form 5500 filing. We marked Box D on the Form 5500 and Box C on both the Form 5500-SF and Form 8955-SSA (if applicable) to indicate the extended deadline. Therefore, you can take advantage of the extended Form 5500 filing deadline of October 17, 2016.

Beginning with the 2015 filing year, we are updating how we present your Form 5500 and related schedules to you. You will receive an email from [5500Forms.RS@OneAmerica.com](mailto:5500Forms.RS@OneAmerica.com) that indicates your Form 5500 is ready to view and file and also includes a revised Important Information filing guide. We trust that you will notice improved efficiency.



The Internal Revenue Service (IRS) added new compliance questions to the 2015 Form 5500. However, these questions were not approved by the Office of Management and Budget. The 2015 filing instructions state responding to these questions is optional for the 2015 plan year. On February 17, 2016, the IRS released an announcement stating the questions should not be completed for the 2015 plan year. See [IRS Compliance Questions on the 2015 Form 5500-Series Returns](#).

# File Your Form 5500 and Form 8955-SSA Early

Don't wait until your filing deadline to access the Department of Labor's (DOL's) ERISA Filing Acceptance System (EFAST2) to file your Form 5500 series return and/or the Internal Revenue Service's (IRS') Filing Information Returns Electronically (FIRE) system to file your Form 8955-SSA (if applicable). Increased traffic to these websites on the deadline often results in delays and possible system downtime and increases your risk of submitting your filing and forms late. Failure to file timely subjects you to penalties including:

- The IRS penalty for late filing of a Form 5500 series return is \$25 per day, up to a maximum of \$15,000.
- The DOL penalty for late filing of a Form 5500 series return can be up to \$1,100 per day, with no maximum.
- The IRS penalty for late filing of a Form 8955-SSA includes:
  - \$1 for each participant not reported and for each day the failure continues up to \$5,000 for any plan year.
  - \$1 for each day for not filing a notification of change of status up to \$1,000.

Correction of a late filed Form 5500 or 5500-SF filing is available under the DOL's Delinquent Filer Voluntary Correction Program. Cost for filing is:

- Small Plan Filers (i.e., plans with fewer than 100 participants at the beginning of the plan year) - Applicable penalty amount is \$10 per day for each day the Form 5500 or Form 5500-SF is filed after the due date not to exceed \$750.
- Large Plan Filers (i.e., plans with 100 or more participants at the beginning of the plan year) - Applicable penalty amount is \$10 per day for each day the Form 5500 or Form 5500-SF is filed not to exceed \$2,000.

With limited exception, we will complete your filing well ahead of your filing deadline. Therefore, we recommend that calendar year plans file before October 1st.

July 2016

# Qualified Pre-Retirement Survivor Annuity and Qualified Joint Survivor Annuity Benefit Requirements

**Qualified Pre-Retirement Survivor Annuity (QPSA) and Qualified Joint Survivor Annuity (QJSA) benefits provide some protection to surviving spouses of deceased participants who had earned a vested retirement before death.**

*The nature of the protection depends on:*

- The type of plan
- Whether the participant dies before or after payment of the pension benefit is scheduled to begin (the annuity starting date)

Defined contribution plans subject to the minimum funding standards (e.g., money purchase plans) are required to provide automatic survivor benefits. Profit sharing and 401(k) plans must also provide automatic survivor benefits unless they satisfy certain other requirements designed to protect spousal rights to retirement benefits. Profit sharing and 401(k) plans may be exempt from the QJSA/QPSA requirements if the plan:

- Provides that upon the participant's death, the vested account balance will be paid in full to the spouse.
- Does not permit the participant to elect a life annuity distribution option.
- Requires that if the participant wants to select a beneficiary other than the spouse, the spouse give written consent that is witnessed by either the Plan Administrator or a Notary Public.

Under QJSA/QPSA regulations, certain notice and consent requirements apply to plan distributions. Compliance with these rules is a condition of plan qualification for plans subject to ERISA (Code Section 417) or as otherwise required by state law or the written plan document. Individuals who have attained ages 31-35 during the plan year must be notified that they qualify for a QPSA.

*July PSM*

# Setting Reasonable Interest Rates

The Internal Revenue Service's (IRS) [Retirement News for Employers](#) includes an article about reasonable interest rates for participant loans.

*To quote the article:*

According to the Department of Labor, a plan's loan interest rate is reasonable if it is equal to commercial lending interest rates under similar circumstances [DOL Regulations section 2550.408b-1(e)]. To determine if a participant loan interest rate is "reasonable," ask these questions:

- What current rates are local banks charging for similar loans (amount and duration) to individuals with similar creditworthiness and collateral?
- Is the plan rate consistent with the local rates?

We encourage you to review other IRS publications related to participant loans including:

- [IRS Retirement Plans FAQs regarding Loans](#)
- [Fixing Common Plan Mistakes – Plan Loan Failures and Deemed Distributions](#)

If a reasonable rate of interest is not being charged to participant loans, the loan may be considered a prohibited transaction.

July 2016

# Use a Checklist to Keep Track of Plan Responsibilities

There are many annual requirements that your retirement plan must satisfy in order to be in compliance with Internal Revenue Service and Department of Labor regulations. Checklists are a great way to stay organized. Some items on your checklist may need to be reviewed annually while others may have to be reviewed more frequently.

## *Examples of checklist items for your retirement plan include:*

- Confirm annual compliance testing is complete and refunds are distributed to affected individuals.
- Monitor deferral limits and ensure excess deferrals are returned.
- File your Form 5500 or Form 5500-SF and Form 8955-SSA (if applicable) timely. Failure to file on time may result in penalties.
- Distribute small account balances regularly. This will help minimize instances of lost participants and will also reduce costs.
- Ensure Required Minimum Distributions are distributed timely to those required to take them. Failure to distribute may result in a large penalty to the participant and potential plan disqualification.
- Encourage participants to update beneficiary designations. Life events such as marriage and divorce may invalidate prior beneficiary choices.
- Distribute notices and disclosures timely. Most notices must be distributed annually; however, fee disclosures are the exception. They must be distributed annually but must also be distributed on or before participants/beneficiaries can first direct investments and 30-90 days prior to certain changes.
- Review your plan's Investment Policy Statement at least annually. Ensure that your statement meets your objectives and make modifications if necessary.

The IRS has published several checklists. Please select the links below for helpful information:

- [401\(k\) Plan Checklist](#)
- [403\(b\) Plan Checklist](#)

July 2016



# SEC Money Market Reform

As part of our ongoing commitment to you, we are providing the following information that affects the money market fund(s) you designated as an investment option in your retirement plan.

## Background:

In July 2014, the Securities and Exchange Commission (SEC) approved changes to the rules governing US money market funds (MMFs). The new rules must be implemented by October 14, 2016. The rules put into place changes designed to prevent a repeat of the 2008 financial crisis, which resulted in investor pandemonium and destabilized the markets, including money market funds.

In summary, mutual fund complexes must implement the following regulatory changes no later than October 2016:

- All prime and municipal MMFs must be designated as either “Retail” or “Institutional.” If a fund is designated as a retail MMF, then only “natural persons” are permitted to invest in that fund.
- The calculation of a daily floating NAV will be required for institutional funds. An amortized cost accounting method and stable net asset value will no longer be allowed for these fund types.
- Both institutional and retail MMFs will be required to adopt policies to require liquidity fees and redemption gates if weekly liquid fund assets fall below a certain threshold.
- Government MMFs are not impacted by the new rules.

*The following chart illustrates these points.*

Money Market fund type	NAV	Liquidity Fee	Redemption gate
PRIME (Inst)	Floating	Yes <sup>1</sup>	Yes <sup>2</sup>
PRIME (Retail)	Stable	Yes <sup>1</sup>	Yes <sup>2</sup>
GOV'T/TREASURY	Stable	No	No

<sup>1</sup> Must impose a 1% fee on all redemptions if: the fund's weekly liquid assets fall below 10% of total assets. May impose fees up to 2% on all redemptions if: the fund's weekly liquid assets fall below 30% of its total assets and the fund's board determines that such a fee is in the best interest of the fund.

<sup>2</sup> May suspend withdrawals from the fund if: the fund's weekly liquid assets fall below 30%; the fund's board determines that imposing such a gate is in the fund's best interest; gates must be limited to no more than 10 business days in any consecutive 90-day period.

These new rules will be difficult to enforce and necessitate system programming and technology changes beginning at the fund level all the way down to the plan and participant level. As a result, recordkeeping providers must re-evaluate their capability to administer prime MMFs.

After careful review, OneAmerica Retirement Services has determined that it cannot administer the prime MMF currently offered in your plan after October 14, 2016.



Impact to OneAmerica Retirement Services Clients Core Investment Lineup

If your plan has these funds in the investment lineup, communication is in process regarding the impact to your plan and your participants.

Impact to OneAmerica Retirement Services Clients that offer Individually Directed Accounts or other Plan Level Accounts with Sweep Vehicles:

Sweep vehicles offered by financial institutions including brokerage firms, banks and Trust Companies use money market funds to invest cash held in customer accounts. Sweep vehicles hold investor cash on a temporary basis; this cash is used primarily to fund trading activity conducted in the accounts.

Daily redemption restrictions would impede the availability of funds to settle securities transactions. As a result, financial institutions that currently offer a Prime MMF as the Sweep Vehicle are making changes.

Each financial institution will be making their own decision regarding the impact of this rule on their Sweep Vehicles. Plan sponsors who have IDA's at TD Ameritrade will receive a communication regarding their changes with a sample of the participant communication. Other financial institutions may also send communications to you and/or participants in your plan in the coming months.

Please contact your plan manager if you have any questions.

July 2016