

Important Approaching Deadlines

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

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.

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. Penalties assessed after August 1, 2016, can be up to \$2,063 per day.
- 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.

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?
- 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.

If we provide Form 5500 series return services for your plan, also consider the following:

- 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.
- 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 and checked 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. You can take advantage of the extended Form 5500 filing deadline of October 17, 2016; however, we recommend that calendar year plans file before October 1st.

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 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](#).

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DocuSign Makes Executing Plan Amendments and Restatements Easier

We are excited to announce we will begin using DocuSign in July to send out amendments and restatements for electronic signature.

DocuSign allows us to securely send documents to multiple individuals in your organization who are responsible for signing them. We will send your amendment or restatement from DocumentServices.RS@OneAmerica.com via DocuSign. You will not need a login or password to access DocuSign. Documents can be signed electronically using a computer, tablet or smart phone.

We trust that you will appreciate the efficiency and ease of use of DocuSign.

August 2016

Administering Hardship Withdrawals

If your plan provides for hardship withdrawals, the plan must indicate the criteria used to make the determination of whether a participant has a hardship, which is defined as an immediate and heavy financial need. Most choose to follow the Internal Revenue Service's safe harbor rules for hardships.

These safe harbor needs satisfy the immediate and heavy financial need requirement:

- Costs directly related to the purchase (excluding mortgage payments) of the participant's principal residence
- Payment of tuition, room and board and related education fees for the next 12 months for post-secondary education for the participant, the participant's spouse, children, dependents and, if elected in your plan document, beneficiaries
- Unreimbursed medical care expenses or amounts necessary to obtain medical services for the participant, the participant's spouse, dependents and, if elected in your plan document, beneficiaries
- Preventing eviction from, or mortgage foreclosure on, the participant's principal residence
- Payments for burial or funeral expenses for the participant's deceased parent, spouse, children, dependents and, if elected in your plan document, beneficiaries
- Expenses for the repair of damage to the participant's principal residence that would qualify for the casualty deduction under Internal Revenue Code 165

In addition to following the guidelines regarding what constitutes a hardship, you must demonstrate that you have adhered to the following guidelines regarding:

- Obtaining required documentation of the hardship
- Ensuring that the amount withdrawn does not exceed the amount requested to satisfy need, which may include the amounts needed to pay the related federal, state or local income taxes
- Suspension of elective deferrals for at least six months
- Obtaining spousal consent (if required)
- Restricting hardship distributions to the sources identified in your adoption agreement or plan document
- Verifying that the participant has taken all other currently available distributions and loans from all plans sponsored by the employer

Please see [Retirement Plans FAQs regarding Hardship Distributions](#) for additional information.

Proper Identification of Employees is Important

Both the Department of Labor (DOL) and Internal Revenue Service (IRS) have initiatives aimed at identifying, correcting and preventing the misclassification of employees as independent contractors.

The DOL's website contains [Misclassification of Employees as Independent Contractors](#), which provides an overview of their initiative as well as links to press releases and additional information. According to the website, "Misclassified employees are often denied access to critical benefits and protections – such as family and medical leave, overtime, minimum wage and unemployment insurance – to which they are entitled. Employee misclassification also generates substantial losses to the Treasury and the Social Security and Medicare funds, as well as to state unemployment insurance and workers compensation funds."

The DOL and the IRS have entered into an agreement to share information and collaborate on reducing misclassification. The IRS also has a resource page [Independent Contractor \(Self-Employed\) or Employee?](#) that covers topics such as:

- Determining Whether the Individuals Providing Services are Employees or Independent Contractors
- Employment Tax Obligations and Guidelines
- Consequences of Treating and Employee as an Independent Contractor
- Relief Provisions
- Voluntary Classification Settlement Program

From a retirement plan perspective, it is important to note that misclassification could result in an eligible employee being excluded from participation. If an employee is excluded from the plan in error, correction could be costly and time consuming.

We hope you find these resources valuable and encourage you to take advantage of the information available.

Have You Experienced a Reduction in Your Workforce?

Some employers have experienced significant corporate events, such as layoffs or terminations, as a result of downsizing or corporate restructuring. Substantial reductions in your workforce may result in a partial plan termination.

If a partial plan termination has occurred, the affected participants must be 100 percent vested. If a partial plan termination is discovered late in the plan year or in a following plan year, additional costs may be incurred. Therefore, maintaining clear and thorough records documenting whether terminations are voluntary or employer-initiated is important.

The Internal Revenue Service has indicated that if 20 percent or more of participants experience an employer-initiated severance from employment in a particular period, there is a presumption that a partial plan termination has occurred. However, whether a partial plan termination has occurred is a facts and circumstances determination.

The turnover rate is usually calculated by:

Numerator: Number of participants who have had an employer-initiated severance (not including terminations as a result of death, disability, normal retirement, voluntary severance or voluntary acceptance of an early retirement program).

Denominator: All participants at the beginning of the period (not including terminated participants who still have an account balance) plus employees who became participants during the period.

If you have experienced a large reduction in your workforce and have concerns that there may be a partial plan termination, please contact your plan manager.



Take Advantage of Distribution Assistance

Distribution Assistance is a free service provided by our Participant Service Center.

The Participant Service Center assists plan participants by explaining the types of distributions available to them and providing the appropriate distribution forms. Plan participants then return the completed and signed documents to you. You simply complete the plan sponsor section of the distribution form and send it in for processing. If your plan uses Distribution Assistance, terminated participants may call the Participant Service Center at 1-800-442-4015 Monday through Friday from 8:00 a.m. to 8:00 p.m. Eastern Time to discuss distribution options and obtain forms.

To take full advantage of this streamlined distribution process, it is essential that you promptly update employee status information.