Important Approaching Deadlines

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

November 15, 2016:

- **45 days prior to 12 month deadline to complete testing:** Deadline for employer to submit census data to ensure completion of 2015 actual deferral percentage and actual contribution percentage testing before December 31, 2016.

December 1, 2016:

- **Same date for all plan years:** Deadline for the submission of distribution forms for annual required minimum distributions (RMDs) that are due December 31 and for first year RMDs for individuals who turned 70½ during 2015 and must receive an RMD by April 1, 2016.

December 2, 2016:

- **Month prior to beginning of next plan year:** Deadline for distributing applicable annual notices for 2017 to participants:
  - Participant fee disclosures*
  - Safe harbor
  - Qualified default investment alternative
  - Automatic contribution arrangement
  - Eligible automatic contribution arrangement
  - Qualified automatic contribution arrangement

*Participants and beneficiaries with the right to direct investment of assets in their account must receive a fee disclosure on or prior to the date they can first direct investments, then annually thereafter. New participant fee disclosures must be distributed 30-90 days prior to certain changes.

December 15, 2016:

- **11 ½ months after plan year-end:** Deadline to distribute the 2015 Summary Annual Report to participants if the Form 5500 series return filing was extended.

December 30, 2016

- **Last day of plan year following plan year-end:** Deadline for processing corrective distributions or for making qualified non-elective contributions/qualified matching contributions for 2015 nondiscrimination (i.e., actual deferral percentage and/or actual contribution percentage) test failures.
- **Last day of plan year:** Deadline to sign amendments that must be in place before the beginning of the 2017 plan year.
- **Same date for all plan years:** Deadline for 2016 annual required minimum distributions that are not first year distributions.

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 and contributions should be processed the day before the weekend or legal holiday.

Safe Harbor Plans

Safe harbor plans allow an employer to provide a retirement plan to employees while also:

- Ending the need for certain year-end nondiscrimination testing
- Eliminating many corrective refunds
- Allowing the company owners and highly compensated employees to defer the maximum dollar limit
- Providing for additional employer contributions

If your plan year begins on January 1, 2017, and your plan includes safe harbor plan provisions that aren't being changed:

- A safe harbor notice reminder mailing will be delivered to you via MSafe in late October 2016.
- You must distribute the safe harbor notice to plan participants by December 2, 2016.

If your 401(k) or 403(b) plan is converting to a safe harbor plan or you are amending any of your plan's current safe harbor provisions, you must:

- Request an amendment to your plan. In order to ensure timely preparation of the proper safe harbor notice and plan amendment, you must submit your request no later than November 14, 2016.
- Distribute the proper safe harbor notice to plan participants 30-90 days prior to the beginning of the plan year. December 2, 2016, is the last day to give the safe harbor notice for a plan year that begins on January 1, 2017.

Please contact your plan manager if you have any questions about amending your plan to include safe harbor provisions or amending your plan's current safe harbor provisions.

Plans That Use OneAmerica for Plan Document Preparation – Take Note

In preparation for plan year-end for calendar year plans, please keep the following in mind:

Year-end amendment deadline:
For calendar year plans, amendment requests for plan changes that must be signed by year-end need to be submitted no later than December 12, 2016. This is the latest date we can accept most amendment requests and ensure timely preparation of the plan amendment for your signature on or before December 31, 2016. However, if you are converting your 401(k) plan to a safe harbor plan, changing the safe harbor provisions of your plan or adding automatic enrollment features to your plan, the deadline is November 14, 2016.

Important: If our records indicate that the latest restatement or plan amendment that we prepared for your plan has not been executed, we cannot accept an amendment request.

Examples of plan changes to be effective January 1, 2017, that need to be signed by year-end include, but are not limited to:

- Increasing contribution allocation requirements
- Changing the contribution allocation formula(s)
- Changing the plan compensation definition
- Excluding employees from participation
- Increasing or decreasing plan eligibility requirements

Contact your plan manager or transition manager today to begin discussing any possible changes you would like to make.

Required Minimum Distributions

The Internal Revenue Service has rules regarding the timing and amount that must be distributed as a required minimum distribution each year.

Retirement plan participants and IRA owners are responsible for ensuring that the correct required minimum distribution (RMD) amount is distributed timely each year. Failure to withdraw the RMD amount or failure to withdraw the RMD on time will result in a 50 percent tax assessed against the individual on the amount not withdrawn. Further, these failures could result in plan disqualification.

The amount of the annual minimum distribution is based on the:

- Balance of the individual's account at the end of the preceding calendar year
- Individual's life expectancy or the joint life expectancy of the individual and their beneficiary

Traditional and rollover IRAs RMD rules

The first RMD must be taken by April 1 of the year following the year the IRA owner turns 70½, then by December 31 of each year thereafter.

An IRA owner must calculate the RMD separately for each IRA that he or she owns, but can withdraw the total RMD amount from one or more of the IRAs.

Retirement plan RMD rules

The RMD rules apply to all employer sponsored retirement plans including, profit sharing plans, 401(k) plans, 403(b) plans and 457(b) plans. The rules also apply to SEPs, SARSEPS and SIMPLE IRAs.

Generally, a retirement plan participant must take an RMD by the later of April 1 of the year following the year he or she reaches 70½ or April 1 of the year following the year in which they retire. However, if an individual is a more than 5 percent owner of the business sponsoring the retirement plan, the RMDs must begin by April 1 of the year following the year he or she reaches 70½, regardless of whether he or she is retired. Important: the ownership attribution rules under Internal Revenue Code section 318 apply in determining whether a participant is a more than 5 percent owner. The plan document may dictate that all RMDs must begin by April 1 of the year following the year the participant reaches age 70½. Please review your plan document to determine when RMDs must begin.

A 403(b) contract owner must calculate the RMD separately for each 403(b) contract that he or she owns, but can take the total amount from one or more of the 403(b) contracts. However, RMDs required from other types of retirement plans, such as 401(k) plans and 457(b) plans, have to be taken separately from each plan.

For our full and limited service clients, all participants attaining age 70½ during 2016 or those participants over 70½ who have not started to receive their RMD will receive a letter by the end of October. The letter may include a distribution form and will include instructions to call our Customer Care Center for assistance with requesting the RMD for the 2016 calendar year.

See Retirement Topics - Required Minimum Distributions (RMDs) for additional information or contact your plan services consultant.

Have You Submitted Your 2015 Census Data Yet?

If your plan year begins January 1, the deadline to complete the 2015 plan year actual deferral percentage and actual contribution percentage nondiscrimination testing and make corrective contributions or issue any necessary refunds is December 31, 2016.

Your retirement plan faces possible loss of its qualified status if it fails any of the nondiscrimination tests and corrective distributions (or refunds) or contributions are not made by the deadline. If you have not submitted your census data for the plan year ended December 31, 2015, we must receive your census data no later than November 1, 2016, in order to complete the testing and issue any refunds or process corrective contributions by the deadline.

For more information about plan disqualification, see Tax Consequences of Plan Disqualification.

AUL Fixed Interest Account Information

If your plan has the AUL Fixed Interest Account (FIA), the AUL Alternate Fixed Fund (AFF) or the Stable Value Account (SVA) as an investment option, we will be mailing letters in November to plan sponsors.

The letters will disclose the updated guaranteed benefit interest rates for calendar year 2017. As outlined in your Services Agreement and Fee Disclosure document, we will credit interest amounts at rates determined and declared in advance and all rates will be equal to or greater than the applicable minimum guaranteed interest rates.

If you have participant communications or other materials that list the interest rates, please make sure that they reflect the updated interest rates.

Repayment Rights for Re-Employed Participants in Defined Contribution Plans

If a participant terminates employment before becoming fully vested and receives a distribution of their vested benefit, the portion of the benefit that is not vested is forfeited.

If the participant is re-employed within five years, the participant may be given the opportunity to repay the distribution and "buy back" the forfeited benefit. The amount that must be repaid will be specified by the plan. It will either be the full amount of the distribution including any amounts attributable to accounts that were fully vested (e.g., deferrals) or only the vested portion of any contribution account that was not fully vested that is to be restored. The repayment of the full amount of the distribution is the more common requirement. No interest is charged on the amount repaid by the participant. The participant must make the repayment prior to the fifth anniversary of his or her re-employment date.

November 2016

Participant Notices for Plans With Employer Securities as an Investment

Plans that contain publicly traded employer securities (company stock) as an investment option must distribute a Notice of Your Rights Concerning Employer Securities to participants 30 days prior to the date they are eligible to diversify out of employer securities.

The notice informs the participants of their right to diversify and explains the importance of diversification.

Generally, plans that allow publicly traded employer securities as an investment option allow for immediate diversification. If this is the case, participants should be given a notice along with a fee disclosure notice prior to initial eligibility for the plan. This notice only needs to be distributed once. There is no annual distribution requirement.

Upon request, we will prepare a notice that you can use to meet the requirements. Once complete, this notice will be delivered to you via MSafe.

November 2016

Following Your Plan's Contribution Formula

Your adoption agreement or plan document describes the contribution formulas that are used to calculate employer matching and non-elective contributions.

If you are not following the formula selected in your document, you have an operational failure and you may need to enter a formal correction program to remedy the failure.

The contribution formula in your document may be expressly stated as a fixed formula, which must be funded and can only be changed via a plan amendment, or it may be written as a discretionary formula which allows for some funding flexibility from year to year. However, the discretionary formula in your document may still contain limitations that must be followed when calculating the contribution or determining how the contribution is allocated.

Your plan document's employer matching contribution provisions might:

- Limit match to one uniform percentage of elective deferrals (e.g., 50 percent of compensation deferred)
- Cap the deferrals matched to a percentage of compensation (e.g., only deferrals up to 5 percent of compensation will be matched) or a maximum dollar amount (e.g., deferrals up to a maximum of $5,000 will be matched)
- Provide that matching contributions are tiered based on the percentage of compensation deferred (e.g., 100 percent of the first 2 percent of compensation deferred and 50 percent of the next 2 percent of compensation deferred) or the participant's years of service (e.g., the matching percentage for participants with one to four years of service will be 50 percent and the matching percentage with more than four years of service will be 100 percent)
- Limit the maximum matching contribution to a dollar amount (e.g., match will not exceed $4,000) or a percentage of compensation (e.g., match will not exceed 3 percent of compensation)

Your plan document's employer non-elective contribution allocation provisions will indicate whether the non-elective contribution is allocated:

- Based on the ratio each participant's compensation bears to the total compensation to all participants
- As a uniform dollar amount to all participants
- Based on classification groups
- Based on integration with the Social Security taxable wage base

For any type of employer contribution, the computation period (i.e., the period that is used to calculate the amount of the contribution) in the document must be followed.

An annual computation period for matching contributions requires the contribution to be calculated based on the participant's annual plan compensation and their total deferrals for the plan year. If the matching contribution

computation period is annual and you calculate and submit matching contributions more frequently than once per year, you should perform year-end "true-up" calculations and make "true-up" contributions as needed.

A computation period for matching contributions that is more frequent than annual (e.g., each payroll period) requires the contribution to be calculated based on the participant's plan compensation and deferrals made just for that computation period. If the plan document specifies a matching contribution computation period is more frequent than annual and you have been calculating and remitting match throughout the year based on that computation period, you should not perform year-end "true-up" calculations or make "true-up" contributions.

Similarly, when the computation period for non-elective contributions is annual, if you submit non-elective contributions throughout the plan year, you may need to make a "true-up" contribution.

Finally, your plan document may include allocation requirements a participant must satisfy in order to receive an employer contribution. Some examples of allocation requirements are employment on the last day of the plan year and completion of 1,000 hours of service during the plan year. A participant should not receive an allocation of employer contributions for a plan year until the allocation requirements have been satisfied for that plan year.

Please review your plan to ensure that you are following the terms of your document.

Distributing Annual Notices and Participant Fee Disclosures

If your plan design requires an annual notice to participants, notices must be distributed at least 30 days prior to the beginning of the next plan year.

Therefore, December 2, 2016, is the deadline for calendar year plans. Examples of plan design features that require an annual notice include:

- Safe harbor 401(k)
- Automatic contribution arrangement (ACA)
- Qualified automatic contribution arrangement (QACA)
- Eligible automatic contribution arrangement (EACA)
- Qualified default investment alternative (QDIA)
- Participant fee disclosures

Your plan may contain more than one of the features indicated above and may require multiple notices.

Participant fee disclosure information:

Participants and beneficiaries with the right to direct investment of assets in their account must receive a fee disclosure on or prior to the date they can first direct investments then annually thereafter. Failure to provide required information under the Department of Labor's (DOL's) participant fee disclosure regulation may result in a breach of fiduciary duty under ERISA. This could expose the plan fiduciaries to both professional and personal liability if the participant can demonstrate that he or she had losses related to the failure to disclose the required information. The DOL issued a final rule effective June 17, 2015. The rule changed the definition of "at least annually thereafter" to mean once in any 14-month period. This gives flexibility and allows you to avoid the problem of creating an arbitrary deadline by following the strict interpretation that a new disclosure must be distributed no more than 365 days after the date of the last disclosure.

In addition, new participant fee disclosures must be distributed 30-90 days prior to certain changes. Participants may access the participant fee disclosure document in Account Services under the My Plan tab; however, posting on Account Services does not constitute the required delivery to participants.

Guidance provided by the DOL regarding its participant fee disclosure regulation requires that comparative charts of investment-related information provided by multiple service providers or investment issuers either be consolidated for participants and beneficiaries into one document or be delivered to them at the same time in a single mailing or transmission. Additionally, the guidance requires that the disclosures be designed to facilitate a comparison among designated investment alternatives under the plan.

Electronic delivery:

Many plan sponsors ask if they can deliver their notices, disclosures and other important documents electronically. The short answer is, "it depends." The Internal Revenue Service and the DOL have different rules for electronic delivery. In some cases, it may be more burdensome to comply with the rules for electronic delivery rather than using a traditional delivery method (e.g., mailing). We encourage you to review the rules thoroughly and create procedures and processes to ensure that you satisfy the requirements.

For more information, please see the Distributing Materials Electronically FAQ.

Does Your Safe Harbor Plan Require Nondiscrimination Testing

If you elected to amend your plan's safe harbor 401(k) or safe harbor 403(b) provisions during the plan year to reduce or eliminate the safe harbor non-elective or safe harbor matching contributions, actual deferral percentage (ADP) and/or actual contribution percentage (ACP) testing required.

Please discuss the submission of a year-end census with your plan manager to ensure required testing is completed timely.

Failure to provide a timely notice to participants regarding your intent to reduce or eliminate a safe harbor contribution or to otherwise make the required contributions may be considered an operational defect by the Internal Revenue Service. Performing ADP and/or ACP testing does not correct the defect; however, the testing may be part of correction under the IRS's Employee Plans Compliance Resolution System.

Finally, please keep in mind that if you reduce or eliminate a 401(k) plan's safe harbor provisions (i.e., safe harbor match or safe harbor non-elective contribution) or exclude participants who are younger than 21 and haven't been credited with one year of service from the safe harbor contribution, you may be required to make a minimum top heavy contribution if your plan is deemed to be top heavy. Safe harbor 403(b) plans are not subject to the top heavy rules.

Check Your Plan's Forfeiture Account

If your plan states that forfeitures are used to reduce employer contributions, you should check your plan's forfeiture balance periodically and use the forfeitures to offset funding of regular matching or non-elective (profit sharing) contributions. Forfeitures may not be used to fund deferrals, safe harbor match, safe harbor non-elective or qualified non-elective contributions.

Timely use of plan forfeitures includes using forfeitures to pay fees and using them to reduce your employer contributions as directed in your document. Additionally, Internal Revenue Service Rev. Rule 80-155 requires that any remaining contributions after the applicable reductions must be allocated to participant accounts. Generally, forfeitures from the current year should not be carried into the next plan year.

Your plan document will indicate how forfeitures should be used. Options for use can include: pay plan expenses, reduce employer contributions or reallocate to eligible participants.