OneAmerica®

Important Approaching Deadlines

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

<u>December 1, 2016:</u>

- **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 2016 and must receive an RMD by March 31, 2017.

<u>December 2, 2016:</u>

- **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.

<u>December 15, 2016:</u>

- **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.

<u>December 30, 2016:</u>

- **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.

Internal Revenue Service Announces Retirement Plan Limits for 2017

Please review the retirement plan limits in place for 2017.

	2017	2016
401k/403b deferral limit:	$18,000	$18,000
401k/403b catch-up limit:	$6,000	$6,000
457 deferral limit:	$18,000	$18,000
Governmental 457 catch-up limit:	$6,000	$6,000
SIMPLE/SIMPLE 401(k) deferral limit:	$12,500	$12,500
SIMPLE/SIMPLE 401(k) catch-up limit:	$3,000	$3,000
Highly Compensated Employee (HCE) compensation threshold:	$120,000	$120,000
Key employee/Officer compensation threshold:	$175,000	$170,000
Benefit limit for defined contribution plans:	$54,000	$53,000
Benefit limit for defined benefit plans:	$215,000	$210,000
Maximum compensation:	$270,000	$265,000
Social Security taxable wage base:	$127,200	$118,500

Reminder: The $120,000 HCE compensation dollar limit for 2016 is used to determine HCEs in the 2017 plan year.

See COLA Increases for Dollar Limitations on Benefits and Contributions for additional information.

Internal Revenue Service Retirement Plan Reporting Disclosure Requirements

The Internal Revenue Service has published a guide that outlines the basic reporting and disclosure requirements of retirement plans.

There are different reporting requirements depending on the type of plan. The guide can also be used in conjunction with the Department of Labor's (DOL's) Reporting and Disclosure Guide for Employee Benefit Plans.

See the Retirement Plan Reporting and Disclosure page for links to resources including information about notices, forms and DOL and Pension Benefit Guaranty Corporation requirements.

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 was 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.

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 into a formal correction program to remedy the failure.

The contribution formula in your document might be stated as a fixed formula, that 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. Additionally, regardless of whether the contribution formula is fixed or discretionary, the plan document contains specific directions on 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 to distribute 2017 notices 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.

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.

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.

Managing Beneficiary Designations

Life events such as death of a loved one, marriage (including same-gender marriages), divorce, or birth or adoption of children may require a change in beneficiary designations.

It's a good idea to remind your participants to review their beneficiary designations periodically and make changes to ensure that designations align with their wishes. In addition, before you approve a distribution following the death of a participant, you may want to verify that there are no other parties that may claim rights to the benefit.

December 2016

Reporting Defaulted Loans

One of the responsibilities of sponsoring a plan that allows loans is to report loans that are in default.

Examples of when a loan is considered to be in default include, but are not limited to:

- Failure to make payment by the end of the repayment grace period.
- Failure to maintain an automatic after-tax payroll deduction repayment arrangement, except for approved leaves of absence (provided a leave of absence for reasons other than military service does not last longer than one year and the borrower is either without pay or is being paid at a rate of pay less than the amount of the repayment required by the loan during the duration of the leave).
- Termination of employment when the loan is not repaid in full.

After you report a loan default to us, we will:

1. Default the loan and show it as a "deemed distribution" if the terminated participant does not take a distribution.
2. Default the loan and "offset" the distribution for terminated participants who request a lump sum or rollover distribution.
3. Default the loan and show it as a "deemed distribution" for active participants not making loan repayments.

When loans are defaulted, an Internal Revenue Service Form 1099-R is issued to the participant for the balance of the loan including outstanding interest.

Please contact your plan manager if you have any questions.

Timely Remittance of Employee Contributions

Plans that are subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA) must satisfy Department of Labor (DOL) requirements regarding the timely remittance of employee deferrals, after-tax contributions and participant loan repayments.

Most profit sharing, money purchase, 401(k) and 403(b) plans are subject to Title I. There are a few types of plans that are exempt from Title I. These include 457(b) plans, church plans that have not elected to be subject to the minimum eligibility and vesting requirements of ERISA and the Internal Revenue Code, and governmental plans.

The purpose of the DOL regulations regarding the timing of depositing employee contributions (including deferrals) and payroll-deducted loan repayments into a qualified retirement plan trust is to ensure that the funds are being invested in the plans rather than remaining in the employer's general funds.

The DOL regulations contain a safe harbor period for remitting employee contributions and loan repayments for small retirement plans (plans with fewer than 100 participants at the beginning of the plan year). Under this safe harbor period, employee contributions and loan repayments to a small plan will be deemed to have been timely remitted if those amounts are deposited to the plan within seven business days after they were received or withheld by the employer. Of course, sponsors of small retirement plans may make deposits before the end of the seven day period.

The current deposit rules for large retirement plans (plans with 100 or more participants at the beginning of the plan year) state that the employer must transmit employee contributions and loan repayments to retirement plans as soon as they can reasonably be segregated from the general assets of the employer. As a general rule, you should follow the same timeframe for remitting employee contributions that you've established for remitting payroll taxes. For most large employers, remittance should occur no later than three business days. However, if you have demonstrated submission of employee contributions within a shorter period of time than three business days, you should remit employee contributions as quickly as you have done in the past

If the employee plan withholdings are not remitted in a timely fashion, the employer is treated as having engaged in a prohibited transaction with respect to the late remittances and must pay an excise tax. The employer is also responsible for making up lost earnings due to late deposits.

Please view Timing of Contributions and Department of Labor Rules for additional information.