

OCTOBER 18-21, 2015 | GAYLORD NATIONAL  
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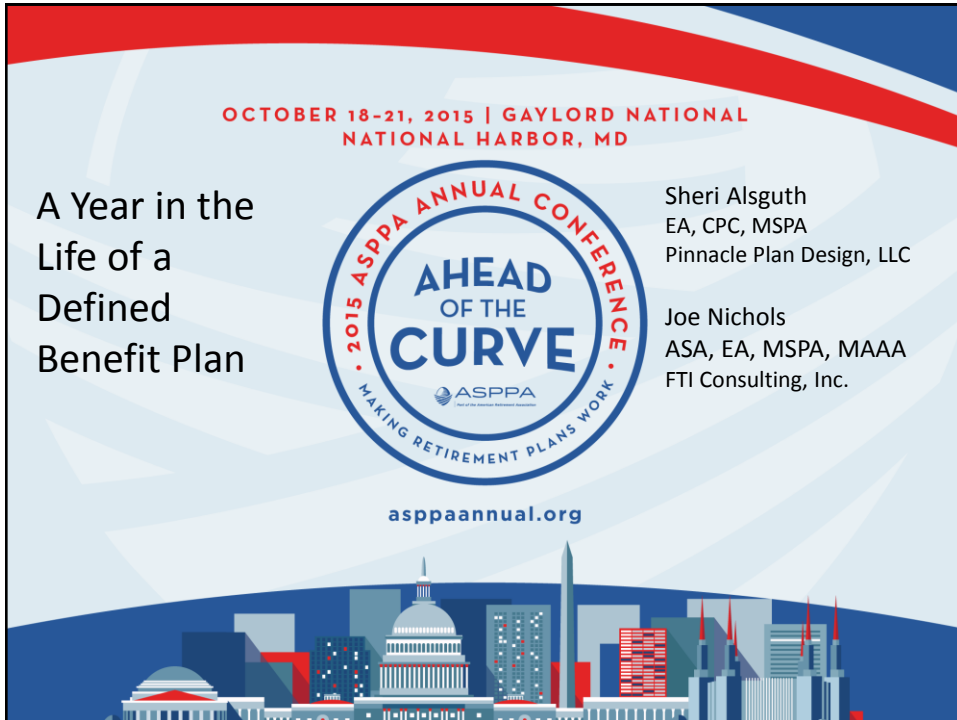
A Year in the  
Life of a  
Defined  
Benefit Plan

**2015 ASPPA ANNUAL CONFERENCE**  
**AHEAD  
OF THE  
CURVE**  
ASPPA  
MAKING RETIREMENT PLANS WORK

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## What to Know Before the Year Begins


- DB Conversation Topics
- Minimum Funding Rules
- Carryover Balances
- Quarterly Contributions
- AFTAPS
- PBGC Coverage
- All plans should be calendar year!  
– That is what we are assuming here....


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# January


 Actuary


 Plan  
Sponsor

 Advisor





- 4th quarter contribution for prior year
  - Due January 15 - Ideally already communicated via automatic reminder or included on a funding schedule. Interest “penalty” is really just an advanced contribution.

 TPA

 Advisor


 CPA


- 1099-R due to participants
  - Rules are same as for 401(k) plan







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# January Cont.

 Actuary

 TPA




 Attorney

- 5300 Application for Determination Letter (by Cycle)
  - Due by Cycle by January 31
  - This will be less of an issue as most cash balance plans will be “pre-approved” very soon.
  - Also, IRS is changing determination letter process








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## February





- 1096 to IRS
  - All the hard work is done by the time this report is due


- Accounting Disclosures
  - If a DB plan sponsor is required to produce GAAP financial statements, disclosures are typically due 2 months after the end of the fiscal year.





## March







- Deposit contribution for tax deduction, unless filing extension
  - Documentation of contribution is required for Schedule SB certification




- Application for Waiver of Minimum Funding Shortfall
  - Very expensive, time consuming and seldom used





## March Cont.

 Actuary

 Plan Sponsor

- **Initial AFTAP Deadline**
  - Due before the beginning of the fourth month of the plan year.
  - If using last day of the plan year, the liabilities are from the last day of the prior year. Assets are as of the beginning of the year and only include contributions actually made before the AFTAP certifications
  - Failure to certify triggers the use of a presumed AFTAP. Carryover balances, timing of contributions and timing of AFTAP certification can affect benefit accruals and the ability to pay benefits.







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## April


 Actuary


 Plan Sponsor

 Advisor


- **First Quarterly Deposit due**
  - Due April 15 – First quarterly of the new Plan Year. Based on 90% of current year Minimum or 100% of Prior Year Minimum. Interest “penalty” is really just an advanced contribution


 TPA

 Actuary


 Participants

- **Required Beginning Date for RMD**
  - Participants who reached age 70 ½ in the prior calendar year must receive their first RMD by April 1. Calculations for DB plans are more complicated than DC plans.






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## April Cont.


- Deposit ER contributions for tax deductions (unincorporated) if no extension
  - Documentation of contribution is required for Schedule SB certification






- Distribute AFN (large plan)
  - Large plans must furnish AFN no later than 120 days after the close of each plan year. Model Notice in the Appendix to 29 CFR 2520.101-4










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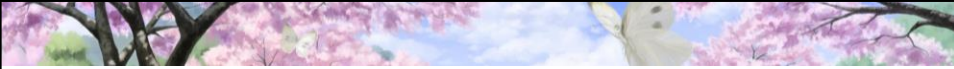
## April Cont.






- Notice of Benefit Limitations and Restrictions
  - The plan administrator shall provide written notice to the Participants within 30 days after the plan has become subject to a restriction under the funding-based limits.
    - AFTAP less than 60% - total restriction on accelerated benefit distributions (i.e., lump sums other than de minimus) & restrictions on benefit accruals (“soft-freeze”)
    - AFTAP between 60%-80% - partial restriction on accelerated benefit distributions – limited to 50%

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# April Cont.


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- PBGC Reportable Event
  - If your client is not going to make their quarterly contributions timely, you may have to let the PBGC know.
    - Requirements vary depending on Plan Size.
    - Waived for Plans with fewer than 25 employees
    - Reduced reporting requirements for 25-100
    - Due within 30 days of missed required installment

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# May


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- None!



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**June**




- None!






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**July**

 Actuary
  Plan Sponsor
  Advisor


- Second quarterly contribution
  - Due July 15 - Ideally already communicated via automatic reminder or included on a funding schedule. Interest “penalty” is really just an advanced contribution.

 TPA
  Actuary
  Plan Sponsor



- Form 5500 filing deadline (without extension)
  - The form, and any required schedules & attachments, must be filed by the last day of the 7<sup>th</sup> month after the end of the plan year.
  - It is important to file the correct filing (5500, 5500SF, 5500EZ)
  - Filed Electronically through e-fast (exception EZ)

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## July Cont.

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- Form 5558 to apply for Extension
  - If you need more time, file a Form 5558 by the due date of the 5500 filing.
  - A one-time extension of time to file the Form 5500 (up to 2 ½ months)
  - Be sure to extend your 8955-SSA on that same form.













## August

- None!

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## September

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- Deposit ER contribution for tax deduction (corporate)
  - Deadline for depositing contributions for deduction. Documentation of contribution is required for Schedule SB certification.

 Actuary
  Plan Sponsor
  Advisor

- Minimum Funding Deadline
  - **Regardless of your tax return deadline**, the last day to meet Minimum funding requirements is September 15.
    - Documentation of contribution is required for Schedule SB certification.








## September Cont.

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  Plan Sponsor
  Participants

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- SAR for timely filed Form 5500
  - Plan Sponsor is required to provide to all Participants & Beneficiaries a Summary Annual Report within 9 months after the end of the plan year, or 2 months after the due date for filing Form 5500 (with approved extension)

 Actuary

- AFTAP Certification
  - The AFTAP must be certified before the first day of the tenth month of the plan year.
  - May use Range Certification (with final AFTAP before year-end)
  - If no AFTAP, presumed AFTAP is 60%
  - 101(j) Notice








## October

 Actuary
  Plan Sponsor
  Advisor

- **Third Quarter Contribution**
  - Due October 15 - Ideally already communicated via automatic reminder or included on a funding schedule. Interest “penalty” is really just an advanced contribution

 TPA
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  Plan Sponsor
  Participants

- **AFN Deadline (assuming extension on 5500)**
  - For small plans (generally  $\leq 100$ ), the notice must be provided not later than the earlier of the date on which the 5500 is filed OR the latest date the 5500 must be filed (incl. extensions).









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## October Cont.


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  Plan Sponsor

- **File PBGC**
  - The Normal Premium Due Date is the 15<sup>th</sup> day of the 10<sup>th</sup> full calendar month in the plan year.
    - Exceptions to Normal Premium Due Date for:
      - New/Newly Covered plan
      - plan year change
      - all assets distributed in standard termination


 TPA
  Actuary
  Plan Sponsor

- **File Form 5500 (assuming extension)**
  - If filing under an extension of time based on the filing of IRS Form 5558, check the appropriate box and file by October 15<sup>th</sup> (including schedules & attachments)






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# November

 TPA
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  Plan Sponsor




- Data request for next year
  - Preparations begin for year-end testing, valuations and filings.
    - Typical census request will require the following:
      - Name, DOB, DOH, DOT, Gender, Compensation, Hours, Deferrals, Match, Ownership, Family members
      - Change in Employer Structure/Ownership
      - Information about Amendments to plan(s)
      - Distribution/Fees paid (date and amount)
      - Contributions made (date and amount)
      - Assets (Balance Sheet / Income Statement)

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# December


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  Actuary
  Plan Sponsor
  Attorney

- Adopt discretionary amendments
  - Any changes that are desired must be adopted by the last day of the Plan Year. Such amendments can be effective as of the First Day of the PY but cannot have the effect of *reducing* benefits already earned.
- Adopt a new plan
  - The last day to adopt a new plan for the current year is December 31.

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# December Cont.



- SAR for extended Form 5500
  - Plan Sponsor is required to provide to all Participants & Beneficiaries a Summary Annual Report within 9 months after the end of the plan year, or 2 months after the due date for filing Form 5500 (with approved extension)

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