

PENSION FOCUS

Radachi and Company

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Radachi and Company provides independent full-service retirement plan administration, with a focus on plan design, government compliance, daily administration and audits.

2011 Cost of Living Adjustments

The Internal Revenue Service released the 2011 Cost of Living Adjustments. By and large, the limits remain the same as 2010. Here is a list of the most common limits:

401(k) Elective Deferral: \$16,500

Catch-Up Contributions for those Age 50 or Older: \$5,500

Annual Defined Contribution 415 Limit: \$49,000

*Annual Compensation Limit:
\$245,000*

*Highly Compensated Employee Limit:
\$110,000*

Social Security Wage Base: \$106,800

IRA Contribution Limit: \$5,000

*IRA Catch-Up Contribution Limit:
\$1,000*

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Fee Disclosure Regulations Passed

In 2010, two sets of regulations regarding fee disclosures for retirement plans were signed into law. One deals with service provider fees and the other with participant fees. Both of these sets of regulations were designed to provide greater transparency of

plan fees to both plan sponsors and plan participants and go into effect January 1, 2012. We will provide our plan sponsors with further information as these deadlines approach.

Roth Conversions Within 401(k) Plans

The Small Business Jobs Act of 2010 (“SBJA”) introduced an in-plan Roth rollover distribution option for 401(k) plans. In plain English, this means a participant who has a distributable event may convert certain pre-tax dollars to after-tax dollars (Roth) without physically moving any money.

Two items must be in place for the in-plan Roth rollover to occur. The first is the plan must allow for Roth deferrals. The second is the plan must permit in-

service distributions.

If the plan does not currently allow Roth deferrals and/or in-service distributions, it may be amended to do so. Only certain sources may be rolled over via an in-plan Roth rollover if the participant has not yet reached age 59 ½. Some examples of these are employer matching contributions (except for safe harbor matching contributions), profit sharing contributions, and unrelated rollover

contributions.

Please contact us if you would like information about adding a Roth deferral provision and/or an in-plan Roth rollover distribution provision to your plan.

Fidelity Bond Rules

Fidelity bonds protect retirement plans from losses caused by the actions of individuals who handle plan assets or have discretionary authority over the plan and its assets. The vast majority of retirement plans are required to have a fidelity bond. Some exceptions are those plans which cover only the owner of the employer, the owner and his/her spouse, partners in a partnership, or partners and their spouses.

The amount of the bond must be the greater of \$1,000 or 10% of the plan’s assets as of the beginning of the plan year, with a capped dollar amount of \$500,000. If your plan holds employer securities, the capped dollar amount is \$1,000,000. Bond information is reported annually on the Form 5500.

Most employers tend to hold their plan’s fidelity

bond as a rider to their corporate insurance coverage. This is acceptable as long as the plan itself is the “named insured.”

In certain situations, additional bonding is required. Radachi and Company reviews bond requirements each plan year and advises clients if changes are needed. If you have questions regarding fidelity bond rules, please contact us.

Plan Audits

Are you aware that Radachi and Company prepares audits of qualified retirement plans? In general, plans with fewer than 100 participants that follow certain guidelines are not required to have an audit by an independent qualified public accountant. If you currently have a large plan (more than 100 participants) or anticipate a change in your workforce that would increase your participant count to more than 100 participants, contact our office for a quote for our retirement plan audit services.

Section 125 Services

Radachi and Company is able to provide plan documents for Section 125 Plans.

If you are interested in adding a valuable benefit to your employee benefit package, contact our office today. By allowing employees to pay insurance premiums with pre-tax dollars, you and your employees both benefit by paying less taxes.

Other options are available as well, such as dependent care and adoption assistance.

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For over 25 years Radachi and Company has provided tax, accounting, retirement plan administration, and management advisory services to an array of businesses and individuals. Our clientele includes manufacturers, automotive dealerships, builders, real estate developers, healthcare providers, utilities, and other professional services.

Located in Northern Ohio, we are a locally owned and operated business. However, we do extensive work throughout the state, on a national level, and internationally through our partnership with Integra-International, a global network of independent CPAs and advisory firms that exchange information and advise growing businesses and professionals.

At Radachi and Company we believe that there is no substitute for technical competence, a quality reputation, and attention to detail. We combine our years of professional experience with knowledge of your business to become part of your management team and provide solutions covering a broad range of traditional and non-traditional accounting and financial matters.

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