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Letter From the Immediate Past President: The Year In Review

by Bruce L. Ashton, APM

IT'S TRADITIONAL FOR THE OUTGOING ASPPA PRESIDENT TO REVIEW HIS OR HER YEAR ON THE JOB. BEING THE TRADITIONAL SORT OF GUY THAT I AM, HERE ARE SOME REFLECTIONS ON THIS PAST YEAR.

First, some personal ones: I thought I was prepared to be President. I had worked out with my partners the fact that I wasn't going to be around much. I had an agenda and I had worked out most of my self-doubts. Turned out I was wrong. I wasn't really prepared for the degree to which every buck in the place had to stop at my desk, and the agenda that I had so carefully worked out lasted only a couple of months. All of that said, however, I got an enormous amount out of being President of ASPPA; and, in the end, I realize that I thoroughly enjoyed it. But enough about me.

We accomplished a great deal this year. To a large extent, these accomplishments resulted from

initiatives put into place in prior years, although I hope you will thank all of your elected and appointed leaders for the energy they put into this past year and their willingness to take on new challenges. Here is a list of what I consider to be our most significant accomplishments:

1. We adopted the strategic plan that had been worked on for the last three or four years. I believe this will help guide our actions as an organization for many years to come.
2. We finally completed the name change that had been in the works for decades—and now what

Continued on page 8

WASHINGTON UPDATE



Bush Re-election and Republican Gains Shape Retirement Policy Debate

by Brian H. Graff, Esq., APM

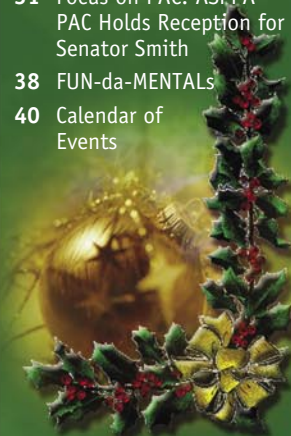
TO THE SURPRISE OF MANY, THE OUTCOME OF THE ELECTION WAS ACTUALLY DETERMINED ON ELECTION DAY (OR AT LEAST THE NEXT DAY). THE EVENING OF ELECTION DAY ITSELF WAS QUITE THE ROLLER COASTER RIDE.

Based on exit polling, the mood at Democratic events (*i.e.*, parties) early on was euphoric, while the mood at the Republican events was something akin to the waiting room at a hospice. Sometime around 9:00 p.m. EST, however, the competing events started to take 180 degree turns. As expectations began to change dramatically, so did the emotions of participants. Rarely have Republicans been so emboldened and Democrats so severely dejected. In many respects, these reactions were due to the pre-election predictions by the media and pollsters that led many in DC to believe that, although close, Kerry would likely win and that even the Senate could flip to Democratic control. These now-proven incorrect predictions have resulted in a Republican victory that is being perceived in a more grandiose manner than

what might be more objectively assessed based on historical measures.

Bush's re-election is relevant because the perception of a Presidential/Republican mandate will have a dramatic impact on the domestic policy agenda. To some degree, the material increase in Republican control in the Senate (there are now 55 Republican senators) will have more of an effect than the President's victory. There will be an ideological shift to the right that will, in the short term, focus congressional attention on major policy initiatives such as Social Security and tax reform, which have the potential of dramatically impacting the private retirement plan system. If the Senate had remained

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FROM THE EDITOR



**Catch-Up Eligibility:
What It Really Means**

by Chris L. Stroud, MSPA

WITH EGTRRA, CONGRESS CREATED THE CONCEPT OF “CATCH-UP” CONTRIBUTIONS TO ENABLE INDIVIDUALS OVER AGE 50 TO INCREASE THEIR CONTRIBUTION LIMITS EACH YEAR BY AN ADDITIONAL “CATCH-UP” AMOUNT. THE DESCRIPTOR “CATCH-UP” WAS CHOSEN BECAUSE THESE INCREASED CONTRIBUTIONS WOULD EFFECTIVELY HELP INDIVIDUALS “CATCH UP” FOR EARLIER YEARS OF NOT SAVING, WHICH MAY HAVE RESULTED FROM BEING OUT OF THE WORK FORCE, LOWER WAGES OR HAVING OTHER FINANCIAL COMMITMENTS THAT PREEMPTED SAVING FOR RETIREMENT. “CATCH-UP ELIGIBILITY,” THEREFORE, PRESENTS A GOLDEN OPPORTUNITY AND IS SOMETHING TO CELEBRATE—RIGHT? YES, EXCEPT FOR ONE COLD, HARD FACT: TO BECOME “CATCH-UP ELIGIBLE,” YOU HAVE TO TURN 50 DURING THE CALENDAR YEAR!

Being “catch-up eligible,” therefore, implies that you either already are, or soon will be, officially “over the hill.” If you are a pessimist, you might also realize that your glass (or at least your “hourglass”) is half-empty, since most likely your life is at least half over. However, if you are an optimist, you will understand that your glass is actually half-full. Over the past 50 years, you have had the good fortune to accumulate many wonderful memories and life experiences.

Here are a few things to look forward to as you become “catch-up eligible”:

- AARP membership—enjoy many discounted goods and services
- Your first colonoscopy—not much more to say about this one!
- Wrinkles, hot flashes, hair loss, hair gain...
- Finding yourself more often at a loss for words (or at least for a *specific* word or name!)
- Your body parts “catching up” to your years—experience firsthand the effects of 50 years of food, fun, sun, sports, lifestyle, etc.
- Feeling like you might have some “catching up” of your own to do (e.g., spending more time with family, renewing old friendships, repairing strained relationships, taking more time to do the things you want to do and visiting the places you’d like to see)
- Becoming an empty nester (if you’re not already there)—once you adjust, this new phase of your life can be wonderful
- More feelings of gratitude—toward your parents and your mentors, as the wisdom of your age allows you to truly appreciate all they did for you
- Getting closer to retirement—and realizing the value of those “catch-up” contributions!



In case you are wondering—yes, I became catch-up eligible this year. By the time you read this editorial, I will have met “The Big 5-0” head-on. In preparation for the big event, I’ve been reading, surfing the Web and asking others for advice in order to gather thoughts of wisdom about reaching this milestone. Here’s an excerpt of my compilation:

- Make your Top Ten List (or Top 50, if you are adventurous) of things you want to do—AND START DOING THEM! (Check out the book by Patricia Schultz, *1,000 Places to See Before You Die.*)
- Keep having fun! (Fun, unlike memory, hair and muscle mass, does not have to be lost!)
- Get together with a group of your high school classmates and have one big 50th birthday bash! (Remember, most of them become “catch-up eligible” the same year you do!)
- Write down 50 things that you like about yourself or your life. Put the list in a safe place and refer to it when you are having a bad day.
- Take advice from the country hit song by Tim McGraw, *Live Like You Are Dying*, and “love a little deeper and speak a little sweeter.” (I think I’ll pass on the sky-diving and rocky mountain climbing, however!)
- Make a list of 50 of your favorite people and do something special or say something special to each of them in the upcoming months.
- Count your blessings, not your years.

How do I feel about turning 50? Great! (After all, things could be worse. I could be writing about required minimum distributions!) I’m off to one of my favorite islands to celebrate...an inviting beach...a little Jimmy Buffet music...*Cheeseburger in Paradise*. And, of course, some extra “catch-up” with that cheeseburger, please. ▲

Renew Your ASPPA Membership Online

ASPPA members can now renew their membership online when paying by credit card. The online renewal service is secure, easy to use and provides you with instant payment confirmation. The multi-member discount for businesses with more than one ASPPA credentialed member is automatically calculated based on the company's current renewal status.

Here's How It Works

Use your ASPPA member login and password to login to the Members Only section of the Web site. Then select the Renew Membership quick link located on the left-hand side of the Members Only page and follow the renewal prompts. The online system accepts Visa, MasterCard and American Express payments. After submitting your payment information, you will be instructed to select the Print Receipt icon to receive your payment confirmation. Only one renewal can be paid at a time to ensure that payments are posted to the correct accounts.

Renewal Invoices

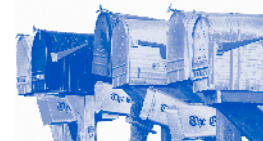
All members will receive a personalized e-mail membership invoice in November that will provide payment information, member login and original password information and a link to the ASPPA Members Only login page. Credentialed members who are eligible for a multi-member discount will see the appropriate discount noted when they log on to the site to renew.

Members will also be mailed a hard copy renewal invoice to accommodate those who prefer to pay by check.

Don't forget, the 2005 membership renewal deadline is January 2, 2005.

Renew online today!

Letters to the Editor



TWO Ps OR NOT TWO Ps

I just read your article on the "two Ps dilemma." I thought it was excellent! I have been a strong supporter of this change for a couple of years. I am an actuary, and I also agree with the two P approach.

Anyway (as I said), I thought your article was both upbeat and informative. It brightened my day a bit, so THANKS!

David Lipkin, MSPA
Metro Benefits, Inc.
Pittsburgh, PA

...and thanks for brightening our day as well!

—Chris

Chris,

Hope all is well. I enjoyed your latest editorial (Two Ps or Not Two Ps), as I enjoy every month. So now for the big question—Are we MSPAs or MSPPAs?

Steven I. Alin, MSPA
Pension Design Services, Inc.
Melville, NY

Thanks for the comment on the editorials. I enjoy writing them each month and am glad that you enjoy reading them.

According to a vote of ASPPA's Board of Directors when the name change was proposed, your MSPA designation remains "MSPA" even though we have added an extra P to ASPPA's name. Your designation stands for Member, American Society of Pension Actuaries (yes, the old name), as it always has.

—Chris

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The purpose of ASPPA is to educate pension actuaries, consultants, administrators and other benefits professionals, and to preserve and enhance the private pension system as part of the development of a cohesive and coherent national retirement income policy.

ASPPA members are retirement plan professionals in a highly diversified, technical and regulated industry. ASPPA is made up of individuals who have chosen to be among the most dedicated practicing in the profession, and who view retirement plan work as a career.

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Fun with Earned Income

by Michael Cohen-Greenberg



THE NONDISCRIMINATION RULES APPLICABLE TO QUALIFIED RETIREMENT PLANS GENERALLY COMPARE EITHER BENEFITS OR ALLOCATIONS TO A PARTICIPANT'S COMPENSATION, AND THE DEDUCTIBILITY OF CONTRIBUTIONS MIGHT BE LIMITED TO A PERCENTAGE OF THE EMPLOYER'S TOTAL PAYROLL. HOWEVER, SELF-EMPLOYED INDIVIDUALS, BOTH SOLE PROPRIETORS AND PARTNERS, ARE NOT PAID "COMPENSATION"—THEY ARE PAID "EARNED INCOME."

The question often arises as to what earned income is, what it includes and what it does not include. Since the rules do not acknowledge the difference between compensation and earned income, the real question becomes how to properly determine earned income for use in the nondiscrimination testing and for deductibility purposes.

There are three answers to this question:

The first answer, which is short, easy and 100% correct, but often not practical, is "ask the CPA."

The second answer, which is not quite as short, is that earned income is the amount of money that the self-employed individual receives for services performed for the business that is paying the money. It is not the money the individual is paid because the individual put money into the business so that it could operate. The individual must actually perform some act for the business for a payment to be "earned."

That sounds way too logical, though. So, the third answer, which is what the balance of this article will address, is the IRS' answer. The IRS' answer, for the most part, is a worksheet, which has been partially translated (see page 7).

Partners and other self-employed individuals face unique issues regarding their earned income. The Internal Revenue Code provides that "earned income" must be used in place of "compensation" when computing the deductible limit under IRC Section 404(a)(3). IRC Sections 404(a)(8) and 401(c) provide the rules and definitions for plans that cover self-employed individuals. Self-employed individuals may be partners in a partnership or sole proprietors.

It is important to note that owners of S-Corporations are not considered self-employed, at least for purposes related to qualified retirement plans, regardless of how they may be treated under other Code provisions. For purposes of IRC Sections 404, 415, etc., S-Corporations are treated just like C-Corporations. The IRS has ruled that S-Corporations and their shareholders must establish and operate qualified plans at the corporate level, even though all profits and losses pass through to the shareholders. Owners of an S-Corporation who also work for the business are paid compensation, which is (or is supposed to be) reported on a W-2. Other payments that are made

to the owner of an S-Corporation are, well, "other payments," but they are not compensation and cannot be used as such under a qualified retirement plan. Also note that it is the reason for the payment that determines whether the payment is compensation or something else. Reporting income on a W-2 does not make it compensation, any more than reporting compensation on a 1099 makes it something other than compensation. (Just ask Microsoft.) The underlying reason for the payment determines how the payment is categorized. But, enough with corporations.

Earned income for partners in a partnership and self-employed individuals is defined (in IRSpeak) as income after all ordinary and necessary business expenses, less one-half of the individual's self-employment tax and less the qualified plan contribution. Earned income includes salaries, wages, tips and professional fees. It also includes taxable scholarship and fellowship grants. Earned income can include payments such as property royalties from books or inventions as long as the payments represent the individual's personal effort. Earned income can also include net earnings from selling or otherwise disposing of property, but does not include capital gains. It also includes income from licensing the use of property other than goodwill.

Unearned or passive income includes investment-type income such as interest, dividends and capital gains. It also includes unemployment compensation, taxable social security benefits, pensions, annuities and distributions of unearned income from a trust.

The question of whether income is earned or passive is one that should be answered by the sponsor's

Earned income is the amount of money that the self-employed individual receives for services performed for the business that is paying the money. It is not the money the individual is paid because the individual put money into the business so that it could operate. The individual must actually perform some act for the business for a payment to be "earned."

accountant. Earned income can be used for plan purposes; unearned or passive income cannot. Generally, in the case of an S-Corporation shareholder, K-1 income represents a return on investment (pass through income) and not compensation for service performed, and therefore cannot be used as plan compensation.

This position has been confirmed by the appellate court in *Durando v. US* [70 F.3d 548, 19 EBC 2191 (9th Cir. 1995)]. The court found that S-Corporation shareholders may not treat pass-through income as net earnings from self-employment for (in this case) Keogh plan deduction purposes, even though they performed services for the corporation. The court reasoned that IRC Section 401(c) extends the deductibility of qualified retirement plan contributions to the self-employed by expanding the definition of “employer” to include a sole proprietor or a partner in a partnership but does not include shareholders of S-Corporations.

As used under a qualified plan, earned income must be reduced by one-half of the individual’s self-employment tax, and then by the deduction allowed for contributions to a qualified retirement plan, including the contributions allocated to the self-employed individual.

Generally, a self-employed individual will report earned income for federal tax purposes using either a Schedule C or a Schedule K-1. According to IRS Publication 560, Chapter 5, the starting point is one of the following, depending on the specific form filed by the individual:

- Form 1040, Schedule C, line 31;
- Form 1040, Schedule C-EZ, line 3;
- Form 1040, Schedule F, line 36; or
- Form 1065, Schedule K-1, line 15a*.

*General partners should reduce this amount by the same additional expenses subtracted from line 15a to determine the amount on line 1 or 2 of Schedule SE.

Sole proprietors report “net profit” on line 31 of their Schedule C attachment to Form 1040. This amount is reduced by one-half of their FICA contributions. The self-employed individual pays a 15.3% tax rate until he or she reaches the taxable wage base (\$87,900 in 2004). Income over the wage base is taxed at a rate of 2.9%. For a partner, line 15 of the partner’s K-1 (line 15) is used instead of Schedule C.

If the individual is under the wage base, multiply the line 31 or line 15 amount by .9235 [1-(15.3%/2)] to reduce his or her income for self employment taxes. If his or her income exceeds the wage base, then reduce the line 31 amount by the sum of (1) \$6,724.35 and (2) 1.45% of his or her income in excess of the wage base (see the example that follows).

Step-by-Step Example:

1. Total Self-employment Income for 2004	\$100,000
2. Taxable Wage Base	\$87,900
3. Excess Compensation (line 1 - line 2)	\$12,100
4. Level 1 Self-employment Tax (15.3% of line 2)	\$13,448.70
5. Level 2 Self-employment Tax (2.9% of line 3)	\$350.90
6. Total Self-employment Tax (line 4 + line 5)	\$13,799.60
7. One-half of Self-employment Tax (line 6 * .5)	\$6,899.80
8. Earnings After Self-employment Tax Reduction (line 1 - line 7)	\$93,100.20

Once you are to this point, it will be necessary to remember your algebra. The maximum deductible contribution is calculated using the following formula:
 $x = .25(y-x)$

Where x = the contribution limit (25% in this example) and y = line 8

$$\$18,620.04 = .25 * (\$93,100.20 - \$18,620.04)$$

If you want to do it the easy way, just multiply line 8 by 20%.

If the self-employed individual has employees, then the calculation becomes complicated because the net profit reported on line 31 or line 15 must take into account the plan contribution on behalf of the common law employees. The calculation is the same as above except that the line 31 or 15 is first reduced by the contribution made to the common law employees.

If the self-employed individual has more than one business, but only one has a retirement plan, then only the earned income from that business is considered for that plan. Additionally, if the individual has more than one business, and both businesses adopt the plan, the earned income (and employees, if any) is aggregated. In effect, this arrangement would be a controlled group. However, if one of the businesses has a loss for the year, the earned income from that business is zero. There is no such thing as negative earned income, which means that earned income from one business is not netted with or reduced by a loss in the other business.

The worksheet on page 7 can assist a plan administrator in calculating earned income to be used for the deductibility of contributions for plans covering partners in a partnership or for self-employed individuals. It is strongly recommended, however, that the employer’s accountant be consulted to clearly distinguish earned income from passive income. ▲

Michael Cohen-Greenberg is the vice president of the Technical Answer Group, Inc. (www.tagdata.com). Michael has been involved in pension administration and consulting for over 26 years. He earned the paralegal certification in ERISA from Long Island University.

PLAN CONTRIBUTION EARNED INCOME DEDUCTIBILITY WORKSHEET

STEP		ENTER	CALCULATE
1	Enter your net profit from either:		
	Form 1040, Schedule C, line 31;		
	Form 1040, Schedule C-EZ, line 3;		
	Form 1040, Schedule F, line 36; or		
	Form 1065, Schedule K-1, line 15a. ¹		
2	Self-employment tax (should be same as line 28, Form 1040)		
3	Net earnings from self-employment (Subtract Step 2 from Step 1)		
4	Rate from Worksheet 3-A:		
	a. Enter plan allocation rate for employees (enter as a percentage of compensation).		
	b. 100%		
	c. Allocation rate + 100%		
	d. Rate from Worksheet 3-A (a/c)		
5	Multiply Step 3 by Step 4 (employer contribution).		
6	Multiply \$200,000 by your plan contribution rate (not the reduced rate).		
7	Lesser of Step 5 or Step 6		
8	415(c) dollar limit If you made any elective deferrals, go to Step 9. Otherwise, skip Steps 9 through 18 and enter the lesser of Step 7 or Step 8 on Step 19.		
9	Enter elective deferrals.		
10	Subtract Step 9 from Step 8.		
11	Subtract Step 9 from Step 3.		
12	Enter one-half of Step 11.		
13	Enter the least of Step 7, 10 or 12.		
14	Subtract Step 13 from Step 3.		
15	Enter the lesser of Step 9 or Step 14. If you made catch-up contributions, go to Step 16. Otherwise, skip Steps 16 through 18 and go to Step 19.		
16	Subtract Step 15 from Step 14.		
17	Enter your catch-up contributions, if any. Do not enter more than \$2,000.		
18	Lesser of Step 16 or Step 17		
19	Add Steps 13, 15 and 18. This result is your maximum deductible contribution.		
	Enter your deduction on line 30, Form 1040.		

¹General partners should reduce this amount by the same additional expenses subtracted from line 15a to determine the amount on line 1 or 2 of Schedule SE.

Letter From the Immediate Past President: The Year In Review

we call ourselves truly reflects, in my view, who we are.

3. We achieved a revamping of the Education and Examination (E&E) program to create a partnership between professional educators and volunteers who will bring their practical day-to-day experience to bear on the process. This new structure will, I believe, advance our E&E program to an even higher level of value in the benefits world.
4. We brought in senior level professional staff to provide leadership for the most significant segments of ASPPA's business, created a new management structure for how we conduct our affairs and recognized the true partnership between our professional staff and our volunteer leaders.
5. We gave final approval to the structure and name for a proposed new professional designation for sales professionals that we will ask the membership to vote on within the next few months. If approved by the membership, this new designation will help ASPPA achieve the goal of being the organization to which every retirement plan professional must belong.
6. We began the planning for our historic joint conference—Meeting Midway—with the Western Pension & Benefits Conference which will combine our Summer Conference with their Annual Conference. We also began the planning for a first ever conference jointly sponsored by ASPPA and the US Department of Labor, which will be held this April.

Looking back on this list of achievements, I believe we have created opportunities that will enhance the value of your membership and provide not only more services to our members but also to the entire pension community.

None of these things could have been accomplished without the vision and hard work of many people. The most recent strategic planning process started under George J. Taylor, MSPA, and was continued by Craig P. Hoffman, APM. The name change and the new sales professionals designation initiatives began under the leadership of Scott D. Miller, FSPA, CPC. Discussions with the Western Pension & Benefits Conference began under the leadership of Craig Hoffman. The heavy lifting to figure out the details of the new sales professionals designation would not have happened without the leadership of Chris L. Stroud, MSPA, who chaired the Sales Professionals Task Force for two years. The opportunity for the conference with the Department of Labor could not have happened without initiatives started a decade or more ago by Pat Byrnes, MSPA, and Fred Reish, APM, although we have Brian H. Graff, APM, to thank for actually pulling this together.

If it sounds like I'm proud of what the leadership did this year, it's because I am. That's not to say there isn't more to do. Stephen H. Rosen, MSPA, CPC, ASPPA's new President, and his team will have to consolidate the E&E reorganization. Steve is also anxious to get a handle on how to create true opportunity for all members who wish to volunteer their services to ASPPA. And we must come to grips with how we provide more valuable services to our senior professional members, the actuaries and the Certified Pension Consultants. I wish the current leaders all the best in achieving these goals.

Sometimes we are given an opportunity to do something that matters. I had that opportunity this past year, and I hope that ASPPA's achievements during my year of stewardship will prove beneficial to you in your daily business lives and to the entire employer-based retirement system. ▲

Bruce L. Ashton, APM, is a partner with Reish Luftman Reicher & Cohen. His practice focuses on all aspects of employee benefits issues, including representing plans and their sponsors before the IRS and DOL's EBSA. Bruce currently serves as ASPPA's Immediate Past President. He has served on ASPPA's Board of Directors and as Co-chair of ASPPA's GAC.

View Your ASPPA CE Credits and Submit Your 2003-2004 CE Reporting Online!

Designated members may now view their ASPPA-sponsored continuing education credit status for the current CE cycle online and submit their CE reporting form through the ASPPA Web site www.asppa.org. Log into the Members Only page and then select the CE Reporting Form link.

**Don't forget that the submission deadline
for 2003-2004 CE reporting
is January 8, 2005.**

Applying ERISA and the Code to Governmental Plans

by William G. Karbon, MSPA, CPC, QPA



GOVERNMENTAL SECTOR PLANS PROVIDE AN OPPORTUNITY FOR THIRD PARTY ADMINISTRATORS (TPAs) TO EXPAND THEIR CLIENT BASE. HOWEVER, BEFORE TAKING ADVANTAGE OF THIS OPPORTUNITY, TPAs SHOULD BE AWARE OF THE CHALLENGES AND ISSUES THAT ARE CONFRONTED IN THE GOVERNMENT SECTOR.

Practitioners who have spent their careers handling the administrative and consultative aspects of private sector retirement plans face unique challenges if they decide to expand into the government sector. As issues arise, blindly following the requirements of the Internal Revenue Code (Code) or ERISA that apply to private sector plans can lead to trouble. Becoming involved with governmental plans requires a separate mindset and recognition that many sections of the Code and most sections of ERISA will no longer be the only guides to addressing issues that may arise. Since governmental plans are not subject to ERISA preemption, familiarity with relevant state law and case law will become necessary.



requirements of Title I as well as the defined benefit plan termination insurance requirements of Title IV. However, Title II of ERISA, which mirrors the tax provisions that establish qualification rules, has some applicability to governmental plans.

While governmental plans are not subject to the fiduciary requirements of ERISA, many states impose a fiduciary standard that is very similar to ERISA, while other states impose a prudent person standard. In fact, many states dictate the plan's asset allocation mix. For example, for plans maintained by state agencies in Georgia, state law generally requires that 55 percent of plan assets be invested in equities with the remaining 45 percent invested in fixed income securities.

WHAT IS A GOVERNMENTAL PLAN?

As identically defined in both the Code and ERISA, a "governmental plan" is a plan established or maintained for its employees by the government of the United States, by the government of any state or political subdivision thereof or by any agency or instrumentality of any of the foregoing.

APPLYING ERISA TO GOVERNMENTAL PLANS

Contrary to the belief of many practitioners, governmental plans are not entirely exempt from ERISA. Governmental plans are exempt from the reporting and disclosure, vesting, participation, funding, fiduciary conduct and civil enforcement

APPLYING THE CODE'S QUALIFICATION REQUIREMENTS TO GOVERNMENTAL PLANS

The tax-qualification requirements for governmental plans are much less stringent than the requirements found in the private sector. Code Section 401(a) details the requirements that a qualified plan must meet in order to be considered a tax-qualified trust. Many of the most complicated rules found in Code §401(a) are not applicable to governmental plans. In order to identify the differences in the qualification requirements for governmental plans, specific exemptions from the requirements of Code §401(a) are outlined on page 16.

Continued on page 16



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Washington Update

Bush Re-election and Republican Gains Shape Retirement Policy Debate

equally divided (*e.g.*, 51-49 or 50-50), it would have been much less likely that such issues would be seriously considered.

Summarized below are three significant policy issues that ASPPA's Government Affairs Committee expects to be dealing with over the next two years, with some analysis on how the debate was impacted by the election outcome. As you will see, these are major issues with potentially serious implications for the private retirement plan system. In the coming years, ASPPA's Government Affairs Committee will likely be dealing with some of the most critical issues it has ever faced. It goes without saying that your support for ASPPA and ASPPA's Political Action Committee, ASPPA PAC, has never been needed more.

FUNDAMENTAL TAX REFORM

There will most certainly be a push in the new Congress for fundamental tax reform. More than any other issue, this one probably represents the most significant threat to the employer-based retirement plan system. No matter what happens, it is critical that appropriate incentives be retained to ensure the continued formation and maintenance of workplace retirement plans. Such plans have been the only effective means for encouraging low-to-moderate income workers to save. These workers are a startling 11 times more likely to save when covered by a workplace retirement plan than when not. This outcome is because of the power of the match, the convenience of payroll deduction and the culture of savings fostered on the job.

The debate over tax reform will most likely follow one of two models. The first is the consumption model of tax reform, which is favored by a number of conservative think tanks. The consumption model generally would replace our existing tax code with either a national sales tax or a value-added tax on goods and services. Income on investments would be completely exempt from tax.

Critics of the consumption model of taxation argue that it is unfairly regressive, placing a proportionally greater tax burden on lower income families. There are ways to address these criticisms, however. For example, basic goods and services, such as groceries and medical care, could be exempt from tax or subjected to a reduced rate. This savings could be offset by higher rates on so-called "luxury" goods and

services. Obviously, such distinctions are hampered by an inherent subjectivity.

The think tank proponents of the consumption model of tax reform believe the most important objective is to create a tax system that increases savings in the aggregate. In their view, the most efficient way to accomplish this goal is to tax consumption and not savings. However, these proponents of the consumption model ignore the important role played by employer-sponsored retirement plans in generating savings by lower income families. Increasing savings in the aggregate, but at the expense of reduced savings rates by low-to-moderate income workers, will actually hurt the economy in the long run by increasing the number of individuals who will ultimately be dependent on the government for support. Any tax reform must be neutral with respect to savings rates on a distributional basis. The best way to accomplish this goal in any consumption model of tax reform would be to maintain the critical role of workplace retirement plans with a proven track record of producing savings by lower income workers. This scenario is theoretically possible, albeit with challenges, in a consumption model of tax reform through the use of targeted employer tax credits since employers will chiefly be responsible for remitting either a national sales tax or value-added tax on goods and services.

In some respects, it is hard to imagine that the members of the House Ways and Means Committee and the Senate Finance Committee will entirely abandon the current income tax system, with the attendant power that comes along with providing particular tax breaks, in favor of a consumption model of tax reform, which would largely eliminate such power. Instead, a simplification model of tax reform, similar to what occurred with the Tax Reform Act of 1986, seems more politically plausible. The objective of this model would be to greatly increase the number of taxpayers who could file the Form 1040-EZ or who might not even have to file at all. Such a model could include a flattening of tax rates with a higher standard deduction so that only a relatively small percentage of taxpayers would need to itemize.

Since the simplification model still employs a tax based on income, it allows for the retention of certain politically popular tax deductions, such as

home mortgage interest and charitable deductions. Critically, ASPPA would need to make sure that the deduction for retirement savings (e.g., the exclusion of elective deferrals) is also maintained.

Although the simplification model, as opposed to the consumption model, would appear to be a much more palatable approach to tax reform, there are some potential significant pitfalls. Chiefly, there would likely be a push to further reduce the tax on capital gains and dividends. Remember in 2001, the President wanted to eliminate any tax on dividends. The insurance industry would also heighten pressure for enactment of its proposal for reduced taxes on nonqualified annuity distributions, which was discussed in my article in the last issue of *The ASPPA Journal*. ASPPA's Government Affairs Committee would oppose these efforts since without some comparable treatment for qualified retirement plans, they would make workplace plans less attractive on a relative basis, particularly from the perspective of the small business owner.

SOCIAL SECURITY REFORM

Even before there is serious consideration of fundamental tax reform, the Bush Administration may first propose a dramatic overhaul of our nation's Social Security System. Although details of the proposal have not been finalized, the proposal will likely permit working Americans below a certain age to divert up to a certain percentage of the payroll tax collected on their behalf into a private account. Although this proposal will no doubt be extremely controversial (many Democrats view the defined benefit nature of Social Security to be sacrosanct), there appears to be more momentum than ever before for a proposal like this one in light of the Republican victory.

Although ASPPA currently has no formal position on the merits of any privatization proposal, we do believe it is crucial that any such proposal do no harm to the current private retirement plan system. There is some reasonable concern that the existence of the private accounts could lead some low-to-moderate income workers to believe that it is no longer necessary for them to save as much in private retirement savings vehicles [i.e., IRAs and 401(k) plans]. Such concerns could perhaps be allayed, however, with a more robust SAVER's credit available for only additional retirement savings in such vehicles. Regardless, it is extremely important that any possible changes to the Social Security system coordinate with and respect the important role played by the private retirement plan system.

Another important issue surrounding these proposals is how the accounts will be administered. Most likely the government will be responsible for

account recordkeeping and will provide workers with a limited number of investment options, perhaps similar to the Thrift Savings Plan for federal employees. Some economists have raised concerns that if investment options are too limited, they might lead to an inefficient concentration of assets in certain investments. There will likely be a push from certain circles to expand the investment options.

LSA/RSA/ERSAs

The prospects for these proposals (details discussed in previous *The ASPPA Journal* articles and in *ASPPA asaps*) directly hinged on the President's reelection. The proposals will most certainly be included again in the Administration's budget proposals for next year. Further, it is fairly certain that at least the LSA and RSA will be introduced by multiple Republican members of Congress in both the House and the Senate. As of yet, there does not appear to be significant congressional interest in the ERSA proposal, but that could change.

The good news is that the LSA/RSA/ERSA proposals will be this year's revised proposals (reflecting changes requested by ASPPA), as opposed to the original proposals. So, for example, the LSA and RSA contribution limits will be \$5,000 (not \$7,500), and there will be *no* proposal to repeal cross-testing.

The real question is whether these proposals will get crowded out by bigger picture proposals such as fundamental tax reform. In a real sense, the consumption model of tax reform discussed earlier is really "LSAs on steroids." In other words, the consumption model would have the effect of creating an unlimited LSA with no investments subject to tax.

On the other hand, assuming Congress gravitates toward more of a simplification model of tax reform, as discussed above, LSAs and RSAs could play a prominent role by giving the proponents of a consumption model at least a piece of what they are really looking for. The bottom line is that these proposals will likely be part, but not the centerpiece, of a larger tax debate. ▲

Brian H. Graff, Esq., APM, is the Executive Director/CEO of ASPPA. Before joining ASPPA, he was pension and benefits counsel to the US Congress Joint Committee on Taxation. Brian is a nationally recognized leader in retirement policy, frequently speaking at pension conferences throughout the country. He has served as a delegate to the White House/Congressional Summit on Retirement Savings, and he serves on the employee benefits committee of the US Chamber of Commerce and the board of the Small Business Council of America.



Monthly Compliance Calendar

by Donald Whitmire

IT IS ESSENTIAL THAT BENEFIT PROGRAMS COMPLY WITH DOL AND IRS DEADLINES. FAILURE TO DO SO WILL RESULT IN CIVIL FINES AND CAN, IN EXTREME CASES, RESULT IN CRIMINAL SANCTIONS.

The Monthly Compliance Calendar provided on pages 13-15 has been designed by AccuDraft, Inc. to help practitioners keep track of the many deadlines associated with operating a benefit plan. It is important to note that, except where otherwise indicated, these dates are based on a calendar year plan year. For plans on some other 12-month period, the months should be adjusted assuming that January is the first month of the plan year. For example, if the plan year begins on April 1, the conversion would be as follows:

- January = April
- February = May
- March = June
- April = July
- May = August
- June = September
- July = October
- August = November
- September = December
- October = January
- November = February
- December = March

This list is by no means exhaustive, but it is meant to highlight the general compliance deadlines.

It is important to note that the DOL, unlike the IRS, does not recognize the weekend/holiday rule.

The DOL does not provide for an extension merely because the deadline for providing the employee benefit statement, for example, falls on a weekend or holiday. It is recommended that, in such an event, the employer provide the statement by the last business day that precedes the deadline. ▲

Donald Whitmire, JD, LLM, is president of AccuDraft, Inc., in Altamonte Springs, FL. He co-founded AccuDraft in 1992. Don has practiced as a pension attorney since 1976. In the early 1980s, he was general counsel for Corbel & Co.



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	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
January 2005							1 II
	2	3 I	4	5	6	7	8
	9	10 I	11	12	13	14	15 III
	16	17 I	18	19	20	21	22
	23	24 I	25	26	27	28	29
	30	31 I, IV					

JANUARY REMINDERS

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II January 1

The list below consists of general reminders only and is not meant to be exclusive.

All Plans:

- Notice of Receipt of Medical Support Order. Due immediately upon receipt of such order.

Cafeteria Plans:

- Initial Notice of COBRA Rights. Due within 90 days after commencement of group health coverage.
- Notice of COBRA Qualifying Event. Due to administrator within 30 days of event.
- Notice of COBRA election. Due no later than 14

days after administrator receives notice of COBRA qualifying event.

- Notice of Women's Health and Cancer Right Act of 1998. Notice of benefits required under the Act is due upon enrollment and annually thereafter.

III January 15

- Underfunded DB Plans must make a Quarterly Contribution Deposit during the middle of the 4th, 7th and 10th months of the plan year and the middle of the 1st month of the next plan year. This contribution due would actually represent the 4th Quarterly Installment for the prior plan year.

IV January 31

DB and DC Plans:

- IRS Forms 945 and 945-A are due by Jan. 31 to the IRS. If taxes are timely deposited, Forms 945 and 945-A may be submitted by Feb. 10.
- Form 1099-R is due to each payee by Jan. 31.

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
February 2005			1	2	3	4	5
	6	7 I	8	9	10 II	11	12
	13	14 I	15	16	17	18	19
	20	21 I	22	23	24	25	26
	27	28 I, III					

FEBRUARY REMINDERS

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II February 10

- Annual Return of Withheld Federal Income Tax. Form 945. Due either Jan. 31 or Feb. 10 if taxes timely deposited.

III February 28

- Annual Summary and Transmittal of US Information Returns (Form 1096 Transmittal Form) Form 1099-R (Copy A). Submitted by Feb. 28 of the calendar year after distribution or for participants who have the risk cost of life insurance.
- DB Plans Only—PBGC Form 1-ES.

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
March 2005			1	2	3	4	5
	6	7 I	8	9	10	11	12
	13	14 I	15 II	16	17	18	19
	20	21 I	22	23	24	25	26
	27	28 I	29	30	31 III		

MARCH REMINDERS

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II March 15

- Corrective distribution to participant for failed ADP/ACP without 10% excise tax
- Filing of corporate tax return without extension
- Contribution deadline for deductibility (DB and DC plans for most corporations; with extension—Sep. 15)
- Request for automatic extension to Sep. 15 for corporate returns
- Retroactive amendment to change prior year's funding, if necessary. DB and MP Plans only.
- Approximate deadline for amending a standardized plan (500 hr. rule) to reduce allocations or accruals for current year

- Form 1042. To report income tax withheld from distributions made to non-resident aliens. Due Mar. 15 following the year in which the distribution was made.
- Form 1042-S. Report of distributions made to non-resident aliens. Due Mar. 15 following the year after distribution made.

III March 31

- Summary Plan Descriptions (for Jan. 1 entry)
- Excise taxes (on ADP/ACP test corrections more than 2½ months after plan year end)
- If filing electronically, Form 1099-R to report distributions, including direct rollovers due the following year by Mar. 31 after the distribution
- DB Plans Only—Notice of Right to Supply Actual Earnings History for plans using estimated wages to determine Social Security offset in benefit formula, also due upon separation from service

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
April 2005						1 II	2
	3	4 I	5	6	7	8	9
	10	11 I	12	13 III	14	15 IV	16
	17	18 I	19	20	21	22	23
	24	25 I	26	27	28	29	30 V

APRIL REMINDERS

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II April 1

- DB and DC—Required minimum distribution must be made by Apr. 1 following the calendar year in which the participant attains age 70½ or retires (unless a 5% owner), whichever is later. Participants signing election before Jan. 1, 1984 to remain under pre-TEFRA rules can delay payments as specified in that election.

III April 13

- DB Plans Only. Reporting by large underfunded plans (if applicable) must be filed on or before the 105th day after the close of the filer's information year (e.g., annual accounting period.) Supplemental actuarial information must be filed within 15 days after the

deadline for filing the Form 5500 for the plan ending within the filer's information year. Waiver or other extension requests must be filed with the PBGC no later than 15 days prior to the respective due dates.

IV April 15

- Corrective distribution of 402(g) (excess deferrals) to participant—DC only (regardless of plan year)
- Quarterly Contribution Deposits (if applicable)—DB Only. 1st Quarterly Installment.
- Filing deadline (without extension) for individual and partnership tax return
- Contribution deadlines (without extension) for deductibility for unincorporated entities
- Request for automatic extension to Aug. 15 for individuals and to Jul. 15 for partnerships

V April 30

- Annual Statement of Pooled Fund, other data needed for annual 5500 filing—due 120 days after plan year end

May 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1		I					
8		I					
15		I					
22		I					
29		I					

MAY REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

June 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3	4
5		I					
12		I					
19		I					
26		I					

JUNE REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

CHECK-UP TIPS

The month of June should serve as a "check-up" month for retirement plans. The following preliminary questions provide only a general starting point and are by no means meant to be exhaustive.

1. Do a status check on your plans. Are there any plans you need to set up, merge, terminate, etc.? If yes, have all forms and notices been distributed and accounted for in a timely manner to all affected parties?
2. Do a status check on your employees. Are any eligible to participate and/or claim benefits under your plans? Check deadlines on the following (if applicable):

All Plans:

- Receipt Medical Support Order, QDRO.
- DB, DC:
- 402(f) Eligible Rollover Distribution Explanation
- Qualified Pre-Retirement and Joint and Survivor Annuities
- Receipt of Medical Child Support Order, QDRO

DB:

- Suspension of Benefits

Section 125/Cafeteria Plans:

- COBRA Rights, Qualifying COBRA Events,
- Notice of Newborns, Mothers' Health Protection Act of 1996 and Woman's Cancer Right's Act of 1998.

July 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1	2
3		I					
10		I				II	
17		I					
24		I			III		
31	IV						

JULY REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II July 15

- Extended deadline for filing of partnership tax return
- Request for additional extension of partnership tax return (to Oct. 15)
- Quarterly Contribution Deposits (if applicable)—DB only. 2nd Quarterly Installment.

III July 28

All Plans:

- Summary of Material Modification (210th day after end of plan year when modification was adopted)—to Participants and Beneficiaries

Cafeteria Plans:

- Notice of Newborns' and Mothers' Health Protection Act of 1996 must be disclosed no later than the date on which the first SMM (or revised SPD) is required to be furnished to participants and beneficiaries (and annually thereafter).
- Notice of Woman's Health Cancer Right's Act of 1998 must be disclosed no later than the date on which the first SMM (or revised SPD) is required to be furnished to participant and beneficiaries (and annually thereafter).

IV July 31

- Excise taxes on prohibited transactions. Due last day of 7th month after end of tax year of disqualified person.
- Annual report of plan (with schedules)—Series 5500. Due last day of 7½ month beginning after end of plan year (if extended, due Oct. 15).
- Request for automatic extension—5500 Series (2 ½ mos.)
- Excise tax on Minimum Funding Deficiencies. Due last day of 7th month after end of plan year.

August 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5	6
7		I					
14		I, II					
21		I					
28		I					

AUGUST REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II August 15

- Extended deadline for individual tax returns
- Contribution deadline for deductibility for extended individual tax returns
- Request for additional extension of individual tax return

September 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
					1	2	3	
	4	5 I	6	7	8	9	10	
	11	12 I	13	14	15 II	16	17	
	18	19 I	20	21	22	23	24	
	25	26 I	27	28	29	30 III		

SEPTEMBER REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II September 15

- Extended deadline for filing of corporate tax returns
- Contribution deadline for deductibility for extended corporate tax returns

DB, Money Purchase and Target Plans:

- Deposit of minimum required contribution due 8½ months after end of plan year

III September 30

- Summary Annual Report is due the last day of 9th month beginning after the end of the plan year (or as extended). It is distributed to all participants and any beneficiaries currently receiving payments.

October 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
							II
	2	3 I	4	5	6	7	8
	9	10 I	11	12	13	14	15 III
	16	17 I	18	19	20	21	22
	23	24 I	25	26	27	28	29
	30	31 I					

OCTOBER REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II October 1

- SIMPLE plan must be set up by this date. Salary deferrals must be deposited 30 days after the end of the month. Matching contributions must be made by filing deadline. Safe Harbor 401(k) plans must be set up by this date.
- First day to provide 401(k) Safe Harbor notice for the following year

III October 15

- Extended deadline for filing Form 5500. Due 2½ months after original filing date.
- Extended deadline for filing of individual or partnership tax returns (1040, 1065, respectively)

- Final contribution deadline for deductibility for unincorporated entities

DB Plans Only:

- Quarterly Contribution Deposits (if applicable)—DB only. 3rd Quarterly Installment.
- PBGG Form 1 and Schedule A or PBGC Form 1-ES. Due 9½ months after plan year begins, or, for new plan, 90 days after plan is adopted (if later). Professional corporations with fewer than 25 employees and businesses employing only the owner and spouse are exempt.

All Plans:

- Notice of QSLOB elections must be filed by the later of Oct. 15 of the year following the testing year or 9½ months after the end of the plan year of the plan of the employer that begins earliest in the testing year.

November 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			II				
	6	7 I	8	9	10	11	12
	13	14 I	15 III	16	17	18	19
	20	21 I	22	23	24	25	26
	27	28 I	29	30			

NOVEMBER REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II November 1

- SIMPLE plan notices must be delivered to all participants at least 60 days prior to the start of the plan year.

III November 15

- 204(h) Notices. Due at least 45 days prior to the effective date of the plan amendment (if applicable) for all general 204(h) situations and for those plan amendments providing for a choice between the old and new benefit formula. The latter being supplemented by sufficient information. Shortened to 15 days if adopted in connection with mergers, acquisitions and small plans. If the amendment involves a merger or transfer or merger involving either a retirement subsidy or early retirement benefit ONLY, provide notice no later than 30 days after the effective date of the amendment.

December 2005	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					II		
	4	5 I	6	7	8	9	10
	11	12 I	13	14	15 III	16	17
	18	19 I	20	21	22	23	24
	25	26 I	27	28	29	30	31 IV

DECEMBER REMINDERS:

I Recurring Deadlines:

If a pay period expires this week, deadlines expire for:

- Deferral remittance
- Blackout notice
- SIMPLE 401(k) terminations and/or conversions

II December 1

- Last day to provide Safe Harbor plan notices and contingent 3% Safe Harbor contribution (if applicable)
- Supplemental Notice for Safe Harbor Plans that issued the Contingent Notice at beginning of the year stating whether the 3% Safe Harbor will be made for the current year
- Year-end mergers, consolidations, spin-offs, transfers and terminations (Form 5310-A) and Application for Determination Upon Termination (if applicable)/Form 5310. Due 30 days before a merger, consolidation or transfer of assets and at least 10 days prior to proposed date of plan termination.

III December 15

- Last day to amend a MP plan assuming plan has last day rule
- Summary Annual Report (if Form 5500 is extended)
- IRC §402 (f) Explanation of eligible rollover distribution (if applicable) If not waived by distributee must be disclosed

no less than 30 days, no more than 90 days prior to the date of distribution. Or, plan administrators may provide this information in the SPD and provide only a summary notice during the 30 to 90-day window.

- Explanation of qualified J&S annuity. Due no less than 30, no more than 90 days prior to annuity starting date. Due 7 days before distribution date if certain conditions are satisfied under the Code and plan allows waivers.

IV December 31

- Qualifications failures under Rev. Proc. 2003-44 due the last day of the 2nd plan year after plan year of failure; last day of 3rd plan year after ADP/ACP test failures.
- Corrective distribution for failed ADP/ACP test with 10% excise tax or QNEC. Distribution due the last day of the plan year following the year of failure.
- Requests for change in plan or trust year are due prior to the date the change is to occur. Approval must be received prior to the changes (Form 5308).
- Required minimum distributions for the 2nd and subsequent distribution calendar years are due by Dec. 31.
- Last day to amend a PS plan assuming last day rule
- Set-up deadlines for PS, MP, 401(k), Solo or Owner Only 401(k), Safe Harbor 401(k), DB Plan.

Applying ERISA and the Code to Governmental Plans

NONDISCRIMINATION TESTING

State and local governments are exempt from the nondiscrimination testing requirements of Code §401(a)(4). However, as explained below, federal government plans may become subject to these testing requirements.

Governmental plans have unique needs because plan participants include elected officials and political appointees as well as traditional full-time employees. Since the length of employment for the elected officials and political appointees may be short-term, a separate benefit structure will often be created to provide these individuals with an adequate pension for their term of service. The exemption from the nondiscrimination testing requirements provides state and local governments with flexibility to meet their unique needs.

Since state and local government plans are not subject to nondiscrimination requirements, they are not required to comply with the Code's permitted disparity rules.

Under IRS Notice 2003-6, governmental plans other than state and local governmental plans will be subject to the requirements of Code §401(a)(4) once the IRS issues regulations relating to the application of the nondiscrimination rules to governmental plans. It is anticipated that future legislation will permanently exempt all governmental plans from the nondiscrimination requirements of Code §401(a)(4).

MINIMUM COVERAGE REQUIREMENTS

All governmental plans are exempt from the minimum coverage requirements of Code §410(b).

This exclusion provides state and local governments with the ability to target specific employee groups to be covered by a particular plan. For instance, due to the nature of their work, police and firefighters may be better served by a defined benefit plan with a relatively young normal retirement age, while a defined contribution plan may be better for all other employees. Local governments have the ability to meet the needs of this diverse workforce by sponsoring multiple plans with varying benefit levels to different groups of employees without violating the minimum coverage requirements.

Federal government plans may not necessarily have the same flexibility even with the exemption.

A plan covering predominantly highly compensated federal government employees, while not having to comply with the minimum coverage requirements, may still fail the Code §401(a)(4) nondiscrimination testing rules if regulations relating to these rules are ultimately issued.

MINIMUM AGE AND SERVICE REQUIREMENTS

Governmental plans are also exempt from minimum age and service requirements, ERISA and pre-ERISA minimum age and service standards as well as the statutory entry date rules.

MINIMUM PARTICIPATION RULES

State and local government defined benefit plans are not subject to the minimum participation rules that would require the plan to cover the lesser of 40% of employees or 50 employees of the employer. Federal government plans do not receive this exemption.

TOP HEAVY REQUIREMENTS

All government plans are exempt from the top heavy requirements of Code §416. Since the concept of owners and officers does not apply to governmental units, it is not practical to apply these rules to governmental plans.

JOINT AND SURVIVOR ANNUITY AND PRE-RETIREMENT SURVIVOR ANNUITY

As specified in Treasury Regulation §1.410(a)-11(a), governmental plans are not subject to Code §417 and, therefore, are not required to provide benefits in the form of a qualified joint and survivor annuity. In addition, death benefits are not required to be paid as a pre-retirement survivor annuity. Although the Code and regulations thereunder do not mandate such a form of payment, over 20 state retirement systems require spousal consent, or acknowledgement, in order to waive a survivor form of payout.

Since governmental defined benefit plans are not subject to Code §417, they are also exempt from the requirement to calculate lump sum benefits based on the applicable interest rate and mortality table. There is no mandate on the interest rate or mortality table to be used in calculating lump sums.

COMPENSATION LIMIT

Governmental plans are subject to the Code's compensation limit. However, if the document so permits, a governmental plan can grandfather the 1993 compensation limit of \$235,000 for any



participants that were in the plan on July 1, 1993. This grandfathered compensation limit, which is increased for cost-of-living adjustments, is \$305,000 for 2004.

ADDITIONAL CODE SECTIONS IMPACTING GOVERNMENTAL PLANS

Beyond the qualifications of Code §401(a), there are additional provisions of the Code affecting governmental plans. The most noteworthy of these provisions are outlined below.

MINIMUM VESTING AND ACCRUAL STANDARDS

Generally, governmental plans are exempt from the vesting, defined benefit accrual rules, consent requirements for plan distributions and the anti-cutback rules of Code §411.

Although this exemption may seem to ease the burden for governmental employers sponsoring retirement plans, case law may restrict a government's ability to cut back the benefits provided in a qualified plan. The courts have held that pension benefits, as well as other rights provided by state and local governments, are fixed upon hire, vesting or retirement. In many instances, these court rulings have the same impact as the anti-cutback rules.

Although governmental plans are not subject to the current vesting rules, these plans must still meet the pre-ERISA vesting requirements which have much longer vesting periods.

MINIMUM FUNDING REQUIREMENTS

Governmental pension plans are not subject to the Code's minimum funding requirements. Typically, state law will dictate the minimum funding requirements for a state or local pension plan. In fact, some states will require an actuary to meet the qualifications of that particular state in order to certify that the state's minimum funding requirements have been met.

Generally, the determination of the funding requirement is much less complicated for a governmental defined benefit plan. For instance, once a plan's cost

is determined under an acceptable funding method, it is not necessary to determine the full funding limit that would be imposed on the required contribution. In addition, since governmental entities are tax-exempt, calculation of a tax-deductible contribution limit is not required.

MAXIMUM BENEFIT AND CONTRIBUTION LIMITS

Generally, governmental plans are subject to the benefit and contribution limits of Code §415. However, there is an exception with respect to the limitations impacting defined benefit plans. Although governmental defined benefit plans are subject to the maximum annual dollar limit (currently \$165,000 in 2004), the alternative benefit limit of 100% of a participant's highest three-year average compensation does not apply.

UNIQUE FEATURES OF GOVERNMENTAL PLANS

Due to the unusual circumstances of government employment and the inapplicability of ERISA or special features in the Code, there are special provisions that are unique to governmental plans.

PURCHASE OR TRANSFER OF SERVICE CREDITS

It is very typical for an employee of one governmental jurisdiction to change jobs and accept a position with another jurisdiction in the same state. For this reason, most state retirement systems provide for the transfer of service credit from one state retirement system to another.

In fact, many state and local retirement plans provide for the purchase of service credits to increase pension benefits. For example, non-vested service under another state's retirement system may be purchased to provide additional benefits under the employee's current governmental plan.

A defined benefit plan's design can provide for various means to fund additional service credits. A transfer of service credits may be accomplished by recognizing a participant's prior service with another governmental unit and directly transferring the assets representing



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the value of the benefits from the prior governmental unit to the trust of the participant's current governmental employer. The amount of service credited may need to be adjusted based on the underlying benefit formula of the transferring plan.

A participant may purchase service credits by transferring all or a portion of his or her defined contribution account (including Code §457 plans) by making a lump sum payment from personal funds or by making installment payments from personal funds into the governmental employer's defined benefit plan. If applicable limits have not been exceeded, the installment payments may take the form of deferrals into a Code §457 plan in order for all funds to retain a pre-tax status. The plan administration becomes more complicated if installment payments may be made to purchase service credits. Further, plan design will dictate whether the purchase of service credits are subsidized by the governmental employer (*i.e.*, the actuarial value of the additional service purchased may be greater than the funds deposited by the participant).

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)

The Code allows distributions from a domestic relations order to be treated as a QDRO distribution for tax purposes. However, governmental plans are not subject to ERISA's preemption of domestic relations orders (*i.e.*, a domestic relations order does not need to be "qualified"). This situation results in the processing of additional types of domestic relations orders beyond those that would be applicable to the private sector.

"PICK UP" PLANS

State and local governments are permitted to treat employee contributions that would otherwise be taxable to the employee as employer contributions. Many governmental pension plans require mandatory employee contributions in order to participate in the plan. This "pick up" provision allows the governmental unit to reduce a participant's taxable

income by the amount of the mandatory contribution since it is considered an employer contribution.

Other than certain grandfathered plans, governmental entities are not permitted to sponsor a 401(k) plan. Although a plan with pick up contributions may seem to be similar to a 401(k) plan, there are substantial differences. Unlike a 401(k) feature, a plan permitting pick up contributions dictates the level of employee contribution. In addition, an employee must elect to participate in the plan and contribute at the mandatory rate at the time eligibility requirements are met. Otherwise, that employee has made a permanent decision to decline plan participation.

ACCUMULATED LEAVE CONTRIBUTIONS

In a series of Private Letter Rulings, the IRS has provided that certain contributions of accumulated leave pay may be treated as employer contributions to a defined contribution plan. This feature is becoming common in governmental plans because of the exemption from the nondiscrimination rules. In plans maintained by non-governmental entities, contributions of accumulated leave can be problematic under Code §401(a)(4) because contributions vary among participants based upon each participant's unused leave.

Governmental entities sponsoring defined benefit plans have an additional option with respect to accumulated leave pay. The defined benefit plan may be designed to use the accumulated leave to provide additional service credits to plan participants.

CONCLUSION

At first blush, the administration of governmental plans seems to be less onerous than the administration of private sector plans, since the preparation of Form 5500 and other ERISA reporting and disclosures are not required. However, the limited applicability of the Code and the necessity to comply with applicable state law or relevant case law create issues that do not arise in the administration of private sector plans. Therefore, practitioners should be well aware of the unique nature of governmental plans when servicing government sector clients. ▲

E&E Committee Seeks Technical Education Consultants (TECs)

The ASPPA Education & Examination (E&E) Committee is requesting proposals from qualified professionals who are interested in part-time and full-time work on content, maintenance and delivery of a set number of examinations and study materials.

For more information and to access the RFP, visit www.asppa.org. The deadline for submission is December 31, 2004.

Questions?

Contact Jamie Pilot, Director of Education Services, at jpilot@asppa.org.

William G. Karbon, MSPA, CPC, QPA, is a vice president and senior retirement plan consultant with CBIZ Benefits & Insurance Services, Inc., located in Plymouth Meeting, PA. He is an Enrolled Actuary and Certified Pension Consultant and serves on ASPPA's Education and Examination and Professional Conduct committees. Bill has been a featured speaker for professional organizations such as ASPPA, and he authors the Pension Roundup on freerisa.com. He has also technically reviewed books on 401(k) plans and has been an instructor for advanced consulting classes sponsored by ASPPA.

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2004 ASPPA Annual Conference Highlights

Washington Hilton and Towers, Washington, DC



Bruce L. Ashton, Esq., APM, was presented a plaque in appreciation for his leadership as ASPPA President, 2003-2004, by Stephen H. Rosen, MSPA, CPC, ASPPA's President for the 2004-2005 term.



Weixing Han, QPA, QKA, the recipient of the Martin Rosenberg Academic Achievement Award, was honored for her performance on ASPPA's fall 2003 C-2(DB) exam.



Lawrence C. Starr, CPC, was congratulated by Joan A. Gucciardi, MSPA, CPC, as he received the 2004 ASPPA Educator's Award

The panel on the IRS Q&A of Paul T. Shultz, Martin L. Pippins, Holland, Jr., Lawrence C. Starr, P. Hoffman, Esq., APM, and Tay



Brian H. Graff, Esq., APM, and Sal L. Tripodi, Esq., APM, were two of the speakers at the general session Pension Legislation Update.



onsisted of
s, James E.
CPC, Craig
d George J.
aylor, MSPA.



The Capitol Steps comedy group gave a crowd-pleasing performance during one of the Annual Conference luncheons.



George J. Taylor, MSPA, an ASPPA Past President, enjoyed the entertainment during the luncheon performance.



Attendees gathered in the Independence Ballroom to relax for a while and have a bite to eat before another set of workshops began.

MARK YOUR CALENDAR!
2005 ASPPA ANNUAL CONFERENCE
NOVEMBER 6-9
WASHINGTON, DC



Xenia Murphy, Education Services Manager at the ASPPA office, was one of the many staff members who collected CE forms and evaluations after each Conference session.

Gwen S. O'Connell, CPC, QPA, and Karen A. Jordan, CPC, QPA, QKA, were two of the many member attendees that visited Jolynne M. Flores, ASPPA's Government Affairs Manager, at the ASPPA PAC booth.



Michael Thiem of Investmart, Inc. in Cincinnati, OH, (above) and Alyson Frost of Oppenheimer Funds in New York, NY (left) were the lucky winners of Envisionage's executive fishing kit drawing.



The ASPPA staff proudly wore the new ASPPA logo merchandise and worked tirelessly throughout the Conference. Thanks to all!

Thank you to the following sponsors, exhibitors and speakers for contributing to the success of the 2004 ASPPA Annual Conference

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Letter from the President

by Stephen H. Rosen, MSPA, CPC



Dear Fellow Members:

Well, I'm off on my maiden voyage with *The ASPPA Journal*! I am continuing the Presidential tradition of reporting to you in each issue of *The ASPPA Journal*. There was certainly a great deal accomplished over the last year while I was under the tutelage of Bruce L. Ashton, APM, our esteemed Immediate Past President, and the time flew by fairly quickly (really!). Serving as President-Elect has given me a new and great perspective of how our dynamic Society functions. And now, I am in the official "driver's seat" as President, and I am ready to go!

I was fortunate to have had the opportunity of chatting with many of you at our 2004 Annual Conference, which turned out to be a fantastic success despite concerns that we were gathered in our Nation's Capital so close to Election Day. I also had the opportunity to address Conference attendees during my acceptance speech, at which time I shared my commitment to ASPPA and laid out some specific personal goals that I intend to accomplish during my term. For those of you whom I have not communicated with directly, I will use this article as a forum to share those thoughts.

As I approach the 30th anniversary of my first ASPPA Annual Conference, I have been reminiscing over my attendance at that meeting. At the time, I was employed by a regional consulting firm as the sole actuary and did not know anyone at the Conference except one of my co-workers. ASPPA became not only my reliable technical support system, but it also enabled me to come into contact with contemporaries who have since become some of my best friends, both professionally and socially. To this day, even after attending nearly 30 ASPPA Annual Conferences (as well as many other ASPPA conferences), ASPPA continues to serve me well. During my ASPPA tenure, I volunteered for a variety of committee positions, all of which allowed me to continue growing as a professional. For that growth and for guiding me through my career, I owe ASPPA a huge debt of gratitude. It is for these reasons, along with many others, that I have now accepted the volunteer role as ASPPA's President.

Because my fondest memories of ASPPA involve the networking opportunities that evolved while I was actively volunteering on committees, extending those same benefits to all of you is a priority of my Presidential term. I have charged our Membership Committee with the goal of facilitating our members to become more actively involved in the

accomplishments of our vibrant organization. During this past year, our Board of Directors has challenged ASPPA to reach the lofty goal of becoming the premier retirement plan benefits organization. By continuing to expand our membership ranks, embrace new volunteer efforts and create a vibrant working relationship with our sister organizations, we now have the opportunity of achieving that goal in the very near future.

We need to reaffirm the status of our core member and continue to offer services that enhance the professional standing of all of our members. These tasks will require a great deal of effort from all of us, but the end result will be a satisfying home for the dedicated pension professional.

From time-to-time, I promise to keep you apprised of our progress. In the meantime, I implore all of you to help ASPPA (and yourself) succeed by contributing some of your time and expertise to our causes. We are making it easier for everyone to volunteer by creating additional opportunities to meet various situations, realizing how busy we all are in our day-to-day jobs. By shifting from a committee to a task force model for some projects, we will be able to involve many more volunteers with shorter-term time commitments.

Please get involved and investigate the various opportunities that await you at ASPPA. I can assure you that the satisfaction that you will gain will be comparable to what I have enjoyed over the many years of my volunteering. I welcome your feedback at srosen@asppa.org. ▲

Stephen H. Rosen, MSPA, CPC, is an independent consulting actuary specializing in the design and implementation of employee benefit plans. He is president of Stephen H. Rosen & Associates, an employee benefits consulting firm in Haddonfield, NJ. Steve is President of ASPPA, an Enrolled Actuary and a Member of the American Academy of Actuaries. He has served as President and Chairman of the Board of the ASPPA Benefits Council of the Delaware Valley and is the former Chair of ASPPA's ABC Committee. Steve has lectured at several actuarial conferences, including the Enrolled Actuaries Meeting and ASPPA's Annual Conference.



ASPPA

WORKING FOR AMERICA'S RETIREMENT



Betty S. Ireland, CPC Secretary of State West Virginia

ASPPA is proud to announce that Betty S. Ireland, CPC, an ASPPA member since 1980, has recently been elected as the Secretary of State for West Virginia.

Betty began her career in pensions as an instructor for the Mass Mutual Pension School and the Pension and Profit Sharing Institute at Purdue University. Betty later served as the owner of Retirement Systems & Services, a pension administration and consulting firm, vice president and head of the pension division in the Trust Department of the National Bank of Commerce and as pension consultant/manager of employee benefits with Jackson Kelly LLC. She eventually moved to the position of executive director of the WV Consolidated Public Retirement Board and returned to Jackson Kelly to head up its ancillary business endeavors as president and CEO. Betty will not leave her involvement in pension matters entirely when she assumes her new post; she happily retains her position on the Advisory Council to the PBGC.

As Betty states on her Web site, www.electbettyireland.com:

"I want to be West Virginia's Secretary of State out of a deep desire for public service. I pledge not to use the office as a stepping stone for personal and political advancement. As a successful businesswoman, I have a reputation for insisting upon excellence from myself and from those with whom I work. I pledge to bring this code of excellence to the Secretary of State's office."

Betty is a native West Virginian with deep roots in the Mountain State. She is a direct descendant of the original settlers of the Kanawha Valley, including Charles Clendenin, for whom the capital Charleston is named.

Congratulations Betty! ▲

NIPA and WP&BC to Co-Sponsor the LABC

Along with the ASPPA and the IRS, the National Institute of Pension Administrators (NIPA) and the Western Pension & Benefits Conference (WP&BC) are co-sponsoring the 2005 Los Angeles Benefits Conference. The three-day event will be held January 26-28, at the Hilton Universal City & Towers in Universal City, California.

The conference starts on Wednesday, January 26, with a pre-conference program entitled "Conversations with the IRS." The regular program begins on Thursday, January 27, and features private pension practitioners, along with senior IRS staff. Because of the increased role of the Department of Labor in employee benefits matters, speakers from the DOL, both locally and nationally, have been invited to participate.

Last year, over 300 pension professionals participated in the Los Angeles Benefits Conference.

**Mark your calendars,
as this conference may be sold out in 2005!**

January 26-28, 2005
Universal City, CA



Help to Educate and Inform Fellow Members

by Barry Kozak, MSPA



ALTHOUGH I HAVE BEEN AN ASPPA MEMBER FOR OVER A DECADE, IT IS ONLY IN THE LAST TWO YEARS THAT I HAVE VOLUNTEERED MY VALUABLE FREE TIME TO HELP THIS ORGANIZATION EDUCATE AND INFORM ITS MEMBERS. I PURPOSELY USE THE WORD "VALUABLE" BECAUSE ANYONE'S FREE TIME IS JUST THAT.

We are all busy pension professionals, and our free time represents time to spend with families and friends or to do something that is fun and that can, potentially, enhance our lives. If any organization, such as ASPPA, wants any of us to give up a portion of our valuable free time, then the experience needs to be both personally and professionally rewarding. I have certainly found my involvement with *The ASPPA Journal* (which we affectionately refer to as "TAJ") to exceed that threshold.

A few years ago, I wrote two articles that I wanted to be published in *The ASPPA Journal*. I did that to enhance my reputation among ASPPA members and within the pension community. After writing my second article, I was approached by the Journal's editor, Chris Stroud, to serve on The ASPPA Journal Committee. On the first conference call, I kept quiet as the other members discussed articles in review, articles promised but not yet delivered and topics and authors for future editions. It was thrilling to hear the enthusiastic and intelligent discussions about what might or might not appeal to our members. By the second conference call, I was right in the middle of the mix, behind the scenes as a committee member helping to shape *The ASPPA Journal*.

Now back to the Committee itself. The responsibility of the Committee is to help solicit articles, plan the issues and write the continuing education quizzes. Committee members are not expected or required to write any articles (although many, such as myself, choose to do so). The time commitment to be a committee member is slightly more than an hour a month. There are one-hour conference calls, generally every month, and there may be a few items that need to be taken care of in the interim (such as following up with potential authors). There is no travel involved. Additional re-sources are needed for providing technical review of the articles received; technical reviewers do not typically participate in the monthly phone calls.

So what can you do? Writing an article in and of itself is a very rewarding opportunity, and *The ASPPA Journal* would not exist if there were no articles to publish. But, I have found that serving as a technical reviewer or as a member of The ASPPA

Journal Committee has been equally as rewarding. And, the opportunities do not end there. If you are not interested in writing an article or serving on The ASPPA Journal Committee, you can submit ideas for topics or authors. Or, if there is a particular area of expertise that you have, you can volunteer to serve as a technical reviewer of any articles that pertain to your area(s) of specialty.

If you have read this far, then you surely appreciate *The ASPPA Journal*, not just for the technical articles, but for these essays and commentaries as well. Therefore, you are the perfect candidate to become involved and work in a very important (and fun) way to make ASPPA as valuable to its members as possible. *The ASPPA Journal* is one of the few things that has permanency on our Web site and is one of the many ways that others judge ASPPA's commitment to properly educating pension professionals. After all, as an ASPPA member, this is *your* publication.

The ASPPA Journal's editors are Chris L. Stroud, MSPA, and Jane S. Grimm. They are wonderfully supported by Associate Editors Jolynne M. Flores and Troy L. Cornett. I now chair the Committee. Other committee members include Amy L. Cavanaugh, CPC, QPA, QKA; Kimberly Flett; Constance E. King, CPC, QPA; Sheila L. Parker, QPA; Erin D. Patton, QPA, QKA; Robert Richter, APM; and Kim L. Szatkowski, CPC, QPA, QKA.

We invite you to contact us at theasppajournal@asppa.org if you want to become involved with any aspect of *The ASPPA Journal*. ▲

Barry Kozak, MSPA, is an Enrolled Actuary, attorney, and a Chartered Financial Consultant. Barry serves as the associate director of the graduate Employee Benefits program and an adjunct professor of law at The John Marshall Law School in Chicago, and he is also employed as a legal consultant at Chicago Consulting Actuaries. In ASPPA, Barry serves as Chair of The ASPPA Journal Committee, as a technical editor for The ASPPA Journal, and also serves on ASPPA's Government Affairs Committee on the ASPPA asap subcommittee. Barry also serves on the Board of Directors of the ASPPA Benefits Council of Chicago and is an active member of the Great Lakes TE/GE Advisory Council.



Board Recommends Name for New Designation

by Chris L. Stroud, MSPA

THE SALES PROFESSIONALS TASK FORCE HAS BEEN HARD AT WORK OVER THE PAST YEAR, REFINING ASPPA'S PROPOSED EDUCATION PROGRAM FOR SALES PROFESSIONALS AND, MOST RECENTLY, PROPOSING A DESIGNATION NAME TO THE ASPPA BOARD OF DIRECTORS FOR CONSIDERATION. THE BOARD APPROVED THE NEW EDUCATION PROGRAM AT THE OCTOBER 2003 BOARD MEETING, AND THE PROPOSED DESIGNATION NAME WAS APPROVED BY THE BOARD AT THE OCTOBER 2004 BOARD MEETING. THE PROPOSED EDUCATION PROGRAM AND DESIGNATION NAME WILL BE PUT FORTH FOR A MEMBERSHIP VOTE IN THE FIRST QUARTER OF 2005.

THE NEW EDUCATION PROGRAM

Since sales professionals typically do not fit the “administrator” or “technical consultant” profiles of our current QKA, QPA and CPC programs, it was determined by the task force and then approved by the Board of Directors that an additional educational track should be developed specifically for sales professionals. The task force developed the framework for a suggested educational program consisting of two levels—a “certificate” for basic education and a “designation,” with a credential attached, for the advanced level.

The certificate level would consist of two take-home exams and the designation level would require two additional proctored exams in addition to mastering the certificate level exams. The content would be broad-based, with significant details in certain areas of critical importance to sales professionals.

The course of study for the designation level would be rigorous and designed for serious sales professionals who work primarily in the retirement planning arena and wish to distinguish themselves in the marketplace. The designation level would also have experience requirements attached, which are outlined later in this article. In addition, once an individual earned the new designation, continuing education requirements would apply to maintain the designation. (Please refer to the March-April 2004 issue of *The ASPPA Journal* for more details on the task force findings and the proposed education program.)

The core competencies for this new education program include:

- Qualified plan fundamentals
- Fiduciary issues and responsibilities
- Market, product awareness and investments
- Distribution planning and rollovers

CONSISTENT WITH ASPPA'S STRATEGIC PLAN

Developing a sales professionals education program is definitely consistent with ASPPA's stated Core Purpose: “*To educate all retirement plan*

professionals and preserve and enhance the employer-based retirement system.” This new track for sales professionals also moves ASPPA one step closer to its Envisioned Future: “*ASPPA is the premier educator of all retirement plan professionals and the preeminent voice and advocate for the employer-based retirement system. Retirement plan professionals view ASPPA membership as essential to their success.*” (Please refer to the January-February 2004 issue of *The ASPPA Journal* for more details on ASPPA's Core Ideology.)

ASPPA clearly wants to create a way that sales professionals who reach a high level of competency, by completing ASPPA's entire education program, as demonstrated by successfully completing the educational program and experience requirements, can distinguish themselves in the retirement planning arena. Developing rigorous content, establishing stringent testing criteria and including credentialing requirements would accomplish this goal. ASPPA also wants to clearly differentiate this new designation for sales professionals from the existing “alphabet soup” currently in the marketplace. Many of the credentials or “initials” for sales professionals currently offered by other organizations can be obtained with only minimal effort, and our task force research showed that none of the existing credentials or “initials” for sales professionals in use today emerged as a clear victor indicating depth and rigor of instruction. The industry looks to ASPPA to provide quality education and build professional leaders. This new education program meets that challenge and, as a result, we believe our new designation will move to the forefront and become the credential sought after by serious sales professionals who are willing to master the in-depth content.

ISSUES FOR CONSIDERATION

The task force spent much of its time polling ASPPA members to get their opinion of this proposed new educational program. Focus groups were established at the 2004 ASPPA Summer Conference for the same purpose. Advice and suggestions were sought related

to suggested content and structure, potential conflicts or sensitivities and, of course, suggestions regarding the name. The task force also received helpful input from readers after the March-April article was published.

The most common responses from members were:

- Educating sales professionals is consistent with ASPPA's strategic goals
- Liking the two-tiered approach of the program (*i.e.*, certificate and designation)
- Wanting to make sure the designation is meaningful and not "watered down"
- Approving of the core competencies
- Feeling the new designation should have a name that clearly differentiates it from ASPPA's other designations
- Not wanting the new designation to threaten or compete with current designations

THE NAME GAME

Coming up with a name for the sales professionals designation was the task force's most difficult task. We recognized the importance of clearly distinguishing this designation from other designations. Members and focus groups were probed to determine sensitivities to certain words or word combinations that could make up the designation name.

When the various processes were complete, a potential name emerged as a winner—Qualified Plan Financial Consultant or QPFC. "Qualified Plan" identifies the marketplace—and "Qualified" also indicates that credentialing and testing are required. The term "Consultant" is appropriate for this level of professional, since these individuals often consult with plan sponsors regarding plan assets and investments. By adding the word "Financial," it more clearly identifies what aspect of the marketplace these professionals focus on. Also, the name clearly distinguishes these professionals from the other ASPPA designated professionals.

REQUIREMENTS FOR DESIGNATION

In addition to two take-home exams and two proctored exams, an individual would have to satisfy one of the following conditions in order to earn the Qualified Plan Financial Consultant designation:

- A current series 6, 7 or 65 license issued by the National Association of Securities Dealers and two letters of reference demonstrating at least two years of retirement plan related experience;
- A current state-issued life or annuity insurance license and two letters of reference demonstrating at least two years of retirement plan related experience;
- A current status of Investment Advisor Representative or Registered Investment Advisor and two letters of reference demonstrating at least two years of retirement plan related experience; or
- Two letters of reference demonstrating at least three years of investment-related experience in connection with retirement plans.

NEXT STEPS

The Board of Directors will present the education program for the new sales professionals designation and the associated name of the designation to a member vote early in 2005. (A summary of pros and cons will accompany the ballot.) In the meantime, the Education and Examination Committee is reviewing the suggested learning objective topics that were developed by the task force. Discussions are continuing with members and also with potential candidates and potential distribution channels to ensure that this new program meets the expectations of current ASPPA members and also meets the needs of the potential candidates. ▲

Chris L. Stroud, MSPA, is president of Stroud Consulting Services, Inc. Chris is an Enrolled Actuary and a Member of the American Academy of Actuaries. She currently serves as Treasurer on ASPPA's Executive Committee and was the Chair of the Sales Professionals Task Force. Chris is also the Editor of The ASPPA Journal.



Job Opportunity ASPPA Chief of Pension Education

ASPPA has an immediate opening in its Arlington, VA, headquarters for a Chief of Pension Education (COPE), ASPPA's senior academic leader. The COPE is responsible for the management of the academic affairs of ASPPA and works closely with both the volunteer and professional leadership of the Education and Examination (E&E) Committee in terms of its research, general scholarship, production, delivery of education materials and courses, teaching and exam-writing. The COPE is the point of formal contact between ASPPA and other actuarial groups, pension groups and academic institutions and is the spokesperson for ASPPA's education program. The qualified applicant will have a minimum of five years technical pension training experience and an educational background in teaching, have excellent management, organizational development and verbal and written communication skills and be willing to travel.

Interested candidates should submit a resume and cover letter by mail to Jane Grimm, Chief Programs Officer, 4245 N. Fairfax Drive, Suite 750, Arlington, VA 22203, by e-mail to jgrimm@asppa.org or by fax to 703.516.9308.



Branding is Business

by Pecanne Jennings

IT FINALLY HAPPENED. “ASPA” OFFICIALLY BECAME “ASPPA” ON NOVEMBER 1, 2004, AND THE LAUNCH OF OUR NEW BRAND AND ITS ASSOCIATED IMAGE ARE NOW IN PLAY. SO WHAT DOES THAT MEAN TO MEMBERS? WE NOW HAVE A MESSAGING STRATEGY FROM WHICH ALL THE MARKETING, ADVERTISING, SALES AND PUBLIC RELATIONS MATERIALS ARE BEING WRITTEN. THAT MESSAGING STRATEGY SAYS (AND THIS IS NOT VERBATIM, BUT JUST A CONCEPT) THAT ASPPA IS THE PLACE TO GO WHEN ONE WANTS TO DEAL WITH EXPERTS IN THE RETIREMENT PLAN FIELD, BE IT JOURNALISTS, PROFESSIONALS SEEKING CREDENTIALS, PLAN SPONSORS OR OTHERS SEEKING EXPERTISE.

A branding strategy is an important step for us because it means we are now going to the marketplace with a focused message and a highly professional brand image. Branding, after all, is about professionally communicating an idea in order to further the objectives of a cause, an organization, a product or even a person. We just witnessed a great example of branding in the presidential election and we see countless examples each day, many of which go unnoticed because we are desensitized to marketing communication messages. In order to make a lasting impression, our branding will require repetition (a lot of it) and consistency in order to achieve the desired results. Our branding will support several of ASPPA’s

three to five year strategic goals that were established by the Board of Directors, including:

- 1) *ASPPA as the Preeminent educator*—ASPPA will be acknowledged as the primary educational and credential-issuing organization for all retirement plan professionals.
- 2) *ASPPA membership viewed as essential*—Retirement plan professionals will view ASPPA membership as essential to their success.
- 3) *Recognition of ASPPA members by plan sponsors*—Plan sponsors and their advisors will seek credentialed ASPPA members to help them develop and maintain retirement plans.

Our Name

ASPPA is our brand name and it’s still pronounced as a single word, “as-pa”, just like our old ASPA name. We’ve kept the phonetic pronunciation the same in order to capitalize on our existing brand equity.



Our Logo’s Symbolism

The logo itself shows the ideal road to retirement—direct and clear of any obstacles. The logo also bears a tagline below it, “Working for America’s Retirement,” which communicates the overall mission of our organization, thus separating us from other A-S-P-P-A sounding entities like the American Society of Public Administrators or the American Shrimp Processors Association (Yes, this is a real association!).

Our “Elevator Story”

- ASPPA is the leader in credentialing retirement plan professionals.
- ASPPA-credentialed members have undergone the most rigorous and specialized education and credentialing programs.
- We serve as the pension professionals’ advocate and voice on Capitol Hill.
- When you deal with an ASPPA member, you are dealing with a retirement plan expert.

4) *Recognition of ASPPA by the industry*—National media will see ASPPA as a preeminent resource on retirement policy and the retirement plan industry.

Since there is a constant shifting of perceptions, due to variables ASPPA cannot control, like news stories, a shifting economy and competing lobbying efforts, ASPPA needs to continually establish and re-establish who it is, what it stands for and why anyone should care. In other words, branding is never “done” and it takes more than the marketing department to make it “go.” It takes you, the members, to support the effort from a grassroots level.



ASPPA MEMBER™

WORKING FOR AMERICA'S RETIREMENT

The introduction of the ASPPA Member logo (coming in January 2005) will be one way you can help ASPPA brand itself and support the strategic goals. The ASPPA Member logo will remind those you deal with that they are working with an expert in pension matters, someone who produces high quality work and stands for integrity.

Another way you can support the brand is to wear it, literally. ASPPA logo wear is now available on the new Web site, www.asppa.org. Wearing the new logo reminds those you come in contact with that you are part

of an important organization working synergistically on behalf of the retirement plan community.

However you choose to support the branding, you will be demonstrating that you care about things like quality and integrity and that you are an expert in retirement plan matters.

To learn more about ASPPA's new logo, visit www.asppa.org. ▲

Pecanne Jennings, ASPPA's Chief Marketing Officer, joined ASPPA in January 2004. Pecanne, who has more than 15 years of experience as a marketing professional, first worked with ASPPA in 2001 when she served as the marketing consultant for the QKA initiative. In her quiet time, Pecanne enjoys yoga, getting settled in her new home and socializing with her friends.

REQUEST FOR PROPOSAL: The ERISA Outline Book Student Edition

ASPPA is requesting proposals from qualified professionals who are interested in writing separate textbooks for three exams: DC-1, DC-2 and DC-3.

For more information and RFP submission requirements, visit www.asppa.org or e-mail jpilot@asppa.org.

The deadline for submission is December 31, 2004.

Available only from ASPPA!

The 2005 Edition of The ERISA Outline Book

The ERISA Outline Book is on the list of required readings for ASPPA's DC-1, DC-2 and DC-3 exams. The book is a must for all pension professionals' libraries.

Sal L. Tripodi, Esq., APM, a frequent and respected speaker at ASPPA conferences, is the author of *The ERISA Outline Book*.

The 2005 edition will include information on:

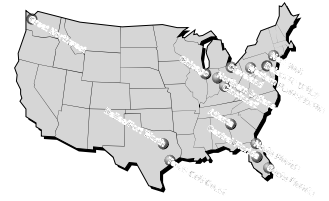
- The Pension Funding Equity Act of 2004, the American Jobs Creation Act of 2004 and the Working Families Tax Relief Act of 2004;
- Automatic rollover rules published by DOL;
- Final §401(a)(9) regulations for DB plans;
- Final §401(k) regulations scheduled to be published by end of 2004;
- DOL guidance on missing participants in terminated DC plans;
- New ruling on the application of top heavy rules to safe harbor §401(k) plans;
- New remedial amendment period procedures being launched with EGTRRA amendments;
- "Relative value" final regulations;
- New checklist on rehired employee issues;
- Recent guidance on how DC plan expenses can be charged;
- Proposed rules under USERRA;
- Guidance affecting §412(i) plans and abusive insurance arrangements;
- Guidance for S Corporation ESOPs;
- More information on nonqualified plans;
- Information of hundreds of new cases, rulings and informal guidance affecting qualified plans and other employer-sponsored retirement programs;
- Four volumes of information and a separate index;
- Fully searchable CD-ROM (all four volumes on one disk!); and
- Network licensing option.

To purchase, download an order form at http://www.asppa.org/resources/res_erisa.htm or contact ASPPA's Education Services Department at: educasppa@asppa.org.



Learning Your ABCs

by Adam C. Pozek, QKA



My first exposure to ASPPA was through the ASPPA Benefits Council (ABC) of Atlanta in 1997. Over the past seven years, I have had the opportunity to serve the Atlanta ABC in various capacities, including my current role as President. This involvement has also created opportunities for me to get involved with ASPPA on the national level.

Because I owe much of my current involvement with ASPPA to my initial experience with the Atlanta ABC, I was particularly pleased when Barry Max Levy, QKA, asked me to join the national ABC Committee last year. Barry and Jane Grimm are the current committee co-chairs. The national ABC Committee acts as a liaison between ASPPA and the 14 ABCs around the country. We are fortunate to have a great group of members who have seen first-hand the benefits of being part of various strong, local councils of our well-respected national organization. One of the committee's annual projects is to put on the ABC Leadership Conference that Cristina Pratt, ASPPA's ABC/Membership Coordinator, described in the last issue of *The ASPPA Journal*.

2004 saw the creation of the ABC Task Force by then-President Bruce L. Ashton, APM. The Task Force was charged with reviewing the existing relationship between ASPPA and the ABCs and making recommendations to ASPPA's Board of

Directors on how to best move that relationship forward. In October 2004, the Task Force will have made its presentation to the ASPPA Board at the Annual Conference in Washington, DC. The outcome of that presentation will help shape the course of the ABCs.

In addition to all of this, ASPPA's marketing efforts surrounding the name change and the launch of the designation for sales professionals will provide a great opportunity to highlight ASPPA at the local level through the ABCs.

The upcoming year should be an interesting one for the ABC Committee and the ABCs. I am very excited to assume the role of Vice-Chair of the ABC Committee, and I am glad to have the opportunity to help shape the future of our ABCs.

If you would like to contact Adam, you can reach him at 678.775.5520 or apozek@swerdlin.net. ▲

Adam C. Pozek, QKA, is the manager of consulting services for Swerdlin & Company, an Atlanta-based TPA firm. He is also the operations manager for Swerdlin's in-house daily valuation service. He currently serves as vice-chair of the ASPPA ABC Committee and as vice-chair of the ASPPA Government Affairs Committee, Reporting & Disclosure subcommittee.

ASPPA BENEFITS COUNCILS CALENDAR OF EVENTS

Date	Location	Event	Speakers
January 13	South Florida	2004 Form 5500 and New 401(k) Regulations	Janice M. Wegesin, CPC, QPA
January 14	Dallas/Ft. Worth	Keeping Current in the Pension World	Sal L. Tripodi, APM
March 10	Chicago	Issues Relating to Form 5500	Janice M. Wegesin, CPC, QPA
April 19	Dallas/Ft. Worth	Legislative Update	Brian H. Graff, Esq., APM ASPPA Executive Director/CEO
April 22	South Florida	TBD (Full-Day Seminar)	Sal L. Tripodi, APM
May 5	New York	TBD (Full-Day Seminar)	Sal L. Tripodi, APM
June 1	Northern Indiana	TBD	Sal L. Tripodi, APM
June 9	Chicago	Plan Design	Joan A. Gucciardi, MSPA, CPC

ABC Cocktail Reception at the ASPPA Annual Conference

by Cristina B. Pratt



ABC COMMITTEE CHAIR, BARRY MAX LEVY, QKA, KICKED OFF A COCKTAIL RECEPTION AT THE ASPPA ANNUAL CONFERENCE IN WASHINGTON, DC, TO INTRODUCE ABCs TO NEW AND INTERESTED ASPPA MEMBERS. THE RECEPTION WAS A GREAT WAY TO SHARE WHAT ABCs ARE ALL ABOUT AND HOW TO START ONE AT THE LOCAL LEVEL. ABCs PROVIDE CONTINUING EDUCATION OPPORTUNITIES, LOCAL NETWORKING, CUTTING EDGE SEMINAR TOPICS AND NATIONAL SPEAKERS.

The cocktail reception was well received with over 100 attendees. Inquiries were heard from a variety of professionals including enrolled actuaries, TPAs, retirement plan professionals and independents. Existing ABCs benefit from national speakers such as Sal L. Tripodi; APM, Brian H. Graff, Esq., APM, ASPPA Executive Director/CEO; Craig P. Hoffman, APM; and Ilene H. Ferenczy, CPC.

Presentation topics at ABC meetings held this year included updates from Washington, current developments affecting qualified plans, fiduciary responsibilities and 401(k) administration. Attendees of ABC meetings and seminars earn ASPPA CE credits.

In attendance from ASPPA were ASPPA's current President Stephen H. Rosen, MSPA, CPC; ASPPA Executive Director/CEO Brian H. Graff, Esq., APM; and ASPPA Chief Programs Officer Jane Grimm. ASPPA Director of Membership, Denise Calvert, and ABC/Membership Coordinator, Cristina Pratt, also chatted with interested members and discussed the steps to start an ABC.

There are currently 14 ABCs located around the country: Atlanta, GA; Chicago, IL; Greater Cincinnati, OH; Cleveland, OH; Dallas/Ft. Worth, TX; Ft. Wayne, IN; Ft. Lauderdale, FL; Houston, TX; Jacksonville,



Reception guests listening to the introduction by ABC Committee Chair, Barry Max Levy, QKA

ASPPA's Chief Programs Officer Jane Grimm with reception guests from Maryland and Tennessee.

FL; New York, NY; Orlando, FL; Philadelphia, PA; Pittsburgh, PA; and Seattle, WA.

The ABCs are dedicated to serving local employee benefits, pension and retirement plan professionals. These local ABCs also provide interested member professionals with networking opportunities and a convenient, inexpensive way to earn continuing education credits.

For more information on forming an ABC, please contact us at abc_coordinator@asppa.org. ▲



ASPPA's Director of Membership, Denise Calvert, with ABC of Northern Indiana President-Elect, Randall J. Crouch, CPC, QPA, QKA.

Cristina B. Pratt, ASPPA's ABC/Membership Coordinator, has been with ASPPA since November 2003. She provides developmental and operational support to the ABCs and works closely with the ABC Committee on their initiatives and the ABC program. Cristina also works with Membership on marketing and recruitment efforts.



An Interview with Fred Reish, 2004 Eidson Founder's Award Recipient

by Jane S. Grimm

C. FREDERICK REISH, APM, RECIPIENT OF THE 2004 EIDSON FOUNDER'S AWARD, IS A LONG-TIME ASPPA MEMBER. FRED JOINED ASPPA IN 1981 AND HAS CONTRIBUTED ENORMOUSLY TO THE ORGANIZATION. FRED HAS SERVED AS CO-CHAIR OF THE GOVERNMENT AFFAIRS COMMITTEE, AS CO-CHAIR OF ASPPA'S POLITICAL ACTION COMMITTEE, AS ONE OF THE "FOUNDING FATHERS" OF THE LOS ANGELES BENEFITS CONFERENCE, AND ON MANY OTHER ASPPA COMMITTEES, SUBCOMMITTEES AND TASK FORCES.

We started our conversation with Fred thinking about a question that his son, 11-year-old Freddy, asked his mother during the ASPPA Annual Business Meeting when Fred received the award: "Mommy, what did Daddy do that made all these people so happy?" That simple question made Fred stop and think about his association with ASPPA and all that he's gained and all that he's contributed over his many years with ASPPA.

Fred grew up watching Perry Mason and E.G. Marshall on TV and thought that being a trial lawyer looked exciting, assumed it would be a fine profession, and decided that would be his career. Courses in government and American history during his high school years finalized the decision. Fred actually went to law school to become a trial lawyer, but soon discovered, however, that he really enjoyed technical work—not the "yelling and fighting" that can go on in a courtroom.

As a young lawyer, Fred had a mentor at his law firm who got him interested in estate planning. Fred quickly discovered that he liked working with business people. An interest in tax and benefits issues quickly followed. By the early 1980s, Fred had expertise in ERISA, tax, benefits and estate planning and was ready to start his own firm.

But, backing up a bit, in 1974, the year of ERISA, Fred attended a lunch with a senior partner from his firm. It was at that lunch that Fred met G. Patrick Byrnes, MSPA. Pat and Fred enjoyed a mutual respect for technical issues and quality work, and a bond was formed that has lasted for more than 30 years. They would spend their time sitting on the floors of their homes drafting ERISA documents and discussing the nuances of the law. Both would eventually start their own companies.

At the time, Fred was married to an artist. Attending an "art party," he met another young lawyer also



married to an artist named Bruce L. Ashton, APM. As Fred explains it, Bruce and he “sought refuge” with each other and immediately became friends. Bruce was with a large LA firm, but in 1986, joined Fred’s firm as a business and securities lawyer and, soon after, began his second career as an ERISA attorney. Through Bruce and Fred, the firm became a recognized national leader in defending plan sponsors, administrators and actuaries in the IRS’ actuarial audit program and handled over 125 of those audits. When Fred started his company, it consisted of two attorneys. Now, Reish Luftman Reicher & Cohen has 25 attorneys and employs 50 additional employees, such as paralegals and other support staff. Many of the attorneys in Fred’s law firm concentrate on ERISA and employee benefits.

Fred joined ASPPA because of Pat Byrnes, who at the time was involved with ASPPA conferences. Fred ended up on the Government Affairs Committee. He told me that the path to volunteerism is to have friends who support you when you first attend an ASPPA event, and through them to get to know more ASPPA members and ASPPA’s activities. Then, once you have learned those basics, get involved where you can make a difference in the areas that matter most to you. As busy as his volunteer activities became, Fred never regretted a moment spent. In fact, he says that he has gained far more from volunteering than he has given.

One of Fred’s proudest accomplishments was writing a book with Bruce entitled *Actuarial Audits: A Legal and Tactical Analysis*. The book became the bible on how to defend against an IRS audit. The provisions in the book on IRS procedures have been used by the IRS for training their own agents.

During Pat Byrnes’ presidency, Fred became co-chair, along with Andy Fair, APM, of the Government Affairs Committee. Fred listed his contributions to this committee as:

1. Setting up the committee and subcommittee structure that now allows 100 or more ASPPA members to be involved. Fred recruited Craig Hoffman, APM, Brad Huss, APM, Jeff Chang, APM, and others who are leaders today.
2. Developing the notion that ASPPA would “take the high road” on issues. “If we do what’s right for plan participants, we will do what’s right for ASPPA’s members.”

Fred said that he always felt that ASPPA’s Education & Examination and Conferences committees are the most important elements of ASPPA because of the education these two committees provide. That said, Fred knows that the Government Affairs Committee is the most exciting, colorful and earns the most applause. “But providing education is ASPPA’s heart and soul,” according to Fred.



What does the Eidson Award mean to Fred? “When Bruce called to tell me, I was awed by adding my name to a list that included people like Bob Levenson, MSPA, Ed Burrows, MSPA, and the many other terrific people who have been Eidson Award recipients.

Fred went on to say that ASPPA is in a good position to continue to make huge contributions to the retirement plan industry. Government affairs activities are more important and prominent than ever; the new DOL conference promises to open up a new educational avenue; the strides made by the Board toward a sales professionals designation; and providing education for these new designees is an important initiative. “ASPPA has been willing to evolve and to set the pace, even when the change is uncomfortable for some members,” said Fred. “In that way, it stays relevant and vital.”

Concluding, Fred said that it was wonderful to have his wife Michelle and children, Theresa, 12, and Freddy, 11, at the awards ceremony. And he thoroughly enjoyed the camaraderie and reminiscing during the Eidson dinner Sunday evening and throughout the Conference.

Thanks for all you’ve done for ASPPA, Fred. You truly deserve to be in the “club!” ▲

Jane S. Grimm, Chief Programs Officer, has been working for ASPPA since 1996. She is the staff liaison to ASPPA’s Board of Directors and Executive Committee. Before joining ASPPA, she worked as the membership director and the director of public affairs for two other associations. Jane enjoys reading, traveling and being with friends. She lives in Annandale, VA, with her husband of 34 years, has two sons, David and Blake, and is the proud grandmother of Jacob.

WELCOME NEW MEMBERS!

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Marty F. Panos

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Karl V. Marzocchi
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Kimberly Ann Radaker
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Wendy L. Wilson

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ASPPA CONGRATULATES

Edward E. Burrows, MSPA

Winner of the
Conference of Consulting Actuaries'
John Hanson Memorial Prize for 2004
for his article on
Fixing the Pension Plan Funding Rules

Maximum Impact: Releasing the Full Potential of Your Company

January 15 – 17, 2005
Scottsdale, AZ

The National Institute of Pension Administrators Business Management Conference (BMC) is an essential professional resource for owners and senior managers of pension administration firms who are looking to harness their company's full potential and bring sustained value to clients.

Register at
[www.nipa.org/conferences/bmc/
registration.cfm](http://www.nipa.org/conferences/bmc/registration.cfm)

Thanks to all ASPPA members who participated in ASPPA's Ambassador Outreach program this year.

The Ambassador Outreach program enlists the assistance of ASPPA members in spreading the word about the benefits of ASPPA membership. Current members attending ASPPA's Summer and Annual Conferences were contacted and asked to assist in member enrollment campaigns during the conferences. It's a great opportunity to meet and network with your colleagues and build a stronger organization at the same time.

Raymon Alperstein, MSPA	Susan J. Chambers, FSPA	Karen F. Fortin, CPC, QPA, QKA	Jane L. Osa, MSPA
Joyce Annenberg, APM	Nancy C. Cochran, CPC	Charles J. Klose, FSPA, CPC	Margery F. Paul, MSPA
Nancy G. Aradillos, QPA, QKA	Frances Conner	Gail Kuhn	Dale C. Rogers, CPC
Bruce L. Ashton, APM	Richard B. Curtin	Carol Lawton	Ray S. Shojinaga, QPA
Burl V. Bachman, MSPA	Irene F. Diamond, CPC, QPA	Barry Max Levy, QKA	Kathy Silva
Michael L. Bain, MSPA	Edward T. Dillon, QKA	Gina R. Moore	Paula M. Steinhart, QPA, QKA
Kerry M. Boyce, CPC, QPA	Kathryn Duke, QPA	Laura S. Moskwa, CPC, QPA	Mary Turley
Donna Brewster, QPA	Terry W. Dunger, APM	Gwen S. O'Connell, CPC, QPA	

Congratulations to Carol Lawton and Terry Dunger, APM, ASPPA's top new member recruiters for 2004!

For their recruitment efforts, Carol and Terry have each earned a free ASPPA conference registration for any ASPPA 2005 conference. Great work!

Become an ASPPA Outreach Ambassador and help spread the word about the many benefits of ASPPA membership. Please contact the Membership Department for information on getting involved at 703.516.9300.

ASPPA PAC Hosts Reception for Senator Smith



ASPPA PAC

As part of its continuing outreach efforts, ASPPA PAC hosted a reception for Senator Smith (R-OR) in Portland on August 2. ASPPA PAC did so in hopes the effort would be the start of a very strong and lasting relationship with Sen. Smith for ASPPA (the organization, its members and ASPPA PAC).

Senator Smith is a member of the Senate Finance Committee, the committee responsible for all tax-related bills, including most pension bills. He recently indicated to ASPPA a strong interest in becoming the “champion” for retirement policy issues in the Senate. To take on this effort, Sen. Smith asked if the retirement



Brian H. Graff, Esq., APM, Gwen S. O’Connell, CPC, QPA, R. Bradford Huss, APM, and then ASPPA President, Bruce L. Ashton, APM, enjoy themselves during the ASPPA PAC reception for Senator Smith

and benefits industry constituency had an interest in him doing so. ASPPA assured him there was and interest. As a result, ASPPA PAC decided to sponsor a reception to demonstrate ASPPA’s commitment. Through the reception, Sen. Smith began to develop a network of retirement and benefits professionals to use as a resource.

ASPPA PAC members Gwen S. O’Connell, CPC, QPA, and R. Bradford Huss, APM, lent their valuable names as “host” of the event and provided tremendous support to encourage local retirement plan professionals to participate. ▲

MEETING MIDWAY
2005
WP&BC ANNUAL CONFERENCE
ASPPA SUMMER CONFERENCE
Manchester Grand Hyatt
San Diego, CA
July 24-27, 2005
Regulatory Updates from the IRS and DOL
Learn About Possible New Benefits Legislation
Hear the Latest News Affecting the Pension and Benefits Industry
Co-Sponsored by
for more information visit:
www.asppa.org/meetings
Listen to the Experts!
ASPPA
WORKING FOR AMERICA'S RETIREMENT

FUN-da-MENTALs

SIDE FUN



"I know I don't have much saved up, but I really need to retire before the end of the month."

THE TWELVE DAYS AT MY PENSION JOB

Keeping with the holiday spirit, have some fun and sing out loud to the tune of "The Twelve Days of Christmas." We don't have room for every verse—so we'll start you out with the first verse, and you know what to do after that!

On the first day at my pension job, my new boss gave to me—

A Cross-Tested Safe Harbor DC!

- 12 Deemed Distributions
- 11 Agents Auditing
- 10 Sponsors a-Scrambling
- 9 Advisors Enrolling
- 8 Employers a-Matching
- 7 Stocks a-Splitting
- 6 Investments a-Changing
- 5 S-P-Ds!
- 4 Quarterly Vals
- 3 Failed Tests
- 2 Direct Transfers
- and a Cross-Tested Safe Harbor DC!

HAPPY HOLIDAYS!

WORD SCRAMBLE

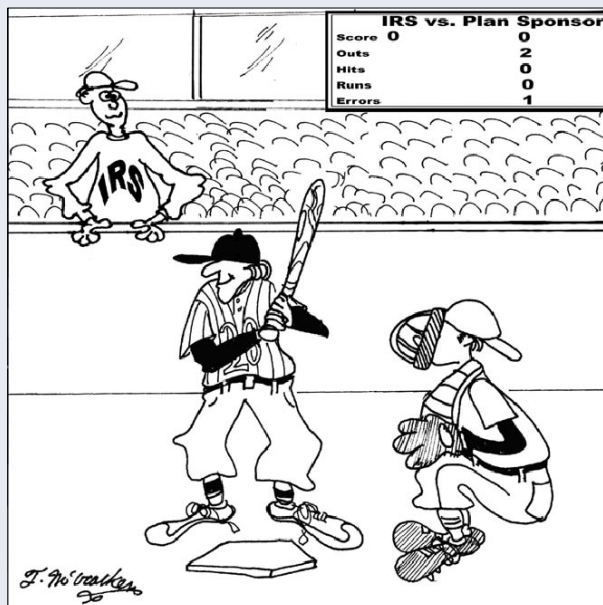
Unscramble these four puzzles—one letter to each space—to reveal four pension-related words. Answers will be posted on ASPPA's Web site at <https://router.asppa.org>. Login. Scroll down to "Check out the last issue of The ASPPA Journal" and click on the latest issue. Scroll down to "Answers to Fun-da-mentals".

BONUS: Arrange the circled letters to form the Mystery Answer as suggested by the cartoon.

SIT OAR _ _ ○ ○ _ _
 U SCORE _ _ ○ _ ○ _
 O PRIDE ○ _ _ _ _ ○
 PALE BAY _ ○ _ ○ _ _

Mystery Answer

An " _ _ _ _ _ "



What the IRS agent wore to the baseball game.

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THINK SMART

ING has a dedicated TPA Web site providing online distribution forms, same-day downloads, and online system access.

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CALL 1.877.463.3122 TO FIND OUT MORE.**

¹ Source: LIMRA (December 2001)

www.ing-usa.com www.ingretirementplans.com

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Calendar of Events

ASPPA CE

2004

Dec 1	DC-1, DC-2, DC-3 and DB Postponement Deadline for Fall Examinations
Dec 15	PA 1-3 2004 Edition Paper Examinations Deadline
Dec 31	PA 1-3 2004 Online Examination Submission Deadline

2005

Jan 10	CE Reporting Forms Due	
Jan 26-28	Los Angeles Benefits Conference	15
Mar 17-19	The 401(k) SUMMIT San Diego, CA	15
Apr 25-26	DOL Speaks: The 2005 Employee Benefits Conference Washington, DC	TBA
May 5-6	Great Lakes Benefit Conference Chicago, IL	15
May 23-24	Mid-Atlantic Benefits Conference Philadelphia, PA	15
Jul 24-27	Meeting Midway San Diego, CA	15
Nov 6-9	Annual Conference Washington, DC	15

* Note: Exam deadlines are final. Registration and payment must be in the ASPPA office by the deadline dates.

Education

December 15
PA1-3 2004 Edition Paper
Examination Deadline

December 31
PA1-3 2004 Online
Examination Submission
Deadline

Membership

CE Reporting Forms
for the 2003-2004 cycle
due January 10, 2005

Conferences

January 27-28, 2005
Los Angeles
Benefits Conference

March 17-19, 2005
The 401(k) SUMMIT
San Diego, CA

Bulletin
Board

THE 401(k) SUMMIT

The Forum for Retirement Sales and Investment Professionals

Sign up NOW!
March 17-19, 2005

Manchester Grand Hyatt San Diego
San Diego, CA

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visit www.asppa.org/summit.htm

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