

THE ASPPA Journal

ASPPA's Quarterly Journal for Actuaries, Consultants, Administrators and Other Retirement Plan Professionals

FEATURE ISSUE



Presidential Year in Review: Why the Year Was Special



by Stephen L. Dobrow, CPC, QPA, QKA, QPFC

Oh, what a year 2009 was! It's a great experience to be President. What makes ASPPA so much fun for me are the amazing people of ASPPA and that ever-lasting passion and commitment that they display. ASPPA attracts some of the smartest and nicest people that I've ever met, and I thank every one of you for making my year so special. For those of you new to ASPPA, welcome! For those of you who have been around for a while, thanks for all your years of support.

There were many goals set for ASPPA during the year, and it is difficult to characterize the essence of how the year proceeded. Some years it is mostly about fixing broken stuff; some years it is about finishing up projects; and other years it is about focusing on the future and setting the groundwork for future success. Reflecting on 2009, I would say it was a whole bunch of all of the above.

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\$ 278,500



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The ASPPA Strategic Plan provides the backdrop for everything that we do. The flavor of all of our projects and activities revolve around our strategic goals and objectives, which call for ASPPA to have greater recognition as the premier organization for retirement plan professionals, to be the preeminent educator, the preeminent advocate and the leader in defining professionalism.

ASPPA is always active on Capitol Hill to further the goal of providing primary input when the government is developing retirement policy. A large group of members participated in our "Visit to the Hill" during the 2009 ASPPA Annual Conference. Many ASPPA members participate throughout the year in writing comment letters (of which there were many in 2009), meeting with various agencies and providing testimony to congressional committees. It was with great pleasure that I had the opportunity to testify before the House Committee on Small Business on the issues of 401(k) safe harbor relief and DB plan funding relief. While we scored a bulls-eye by attaining 401(k) safe harbor relief, we are still working on DB plan funding issues.

Other major testimony by ASPPA members had to do with fee disclosure, target date mutual funds, investment advice, participant disclosure and retirement security. One of our newest affiliate organizations, the National Association of Independent Retirement Plan Advisors (NAIRPA), was formed to educate policymakers in Washington, and our members offered unique expertise regarding independent investment advice when expressing views on behalf of NAIRPA and ASPPA.

We had a special challenge in 2009, as a few state governments held hearings to consider offering retirement plans to private employers. We were able to mobilize our government affairs resources to temporarily bat down these proposals in Connecticut, California, Nevada and other states, and we will remain vigilant in protecting the private pension system.

The ASPPA Political Action Committee (PAC) began its second decade of success in 2009. Our PAC continues to have a large effect on "opening doors" on Capitol Hill. We are eternally grateful to those of you who have joined our PAC and continue to make yearly contributions. ASPPA PAC co-sponsored fundraisers in various cities across the country

for candidates who can be especially helpful in fostering relationships with our lawmakers.

In addition to educating in the policy arena, we continue to have great success when educating retirement plan professionals. Our Education and Examination (E&E) Committee had a banner year. After a lot of hard work to produce a study guide, review courses, practice exams and the exam (through our partnership with NIPA via AIRE), many ASPPA members and potential members attained the Enrolled Retirement Plan Agent (ERPA) designation issued by the IRS. The ERPA designation has resulted in dozens of new members joining ASPPA and considering ASPPA their new home for professional education and affiliation.

The E&E Committee also rolled out our new CPC program that is predicated upon module-based education. Our hope is that it will be easier for our candidates to express their mastery of this industry if it is done "one chunk at a time" instead of in overwhelmingly large pieces. The E&E Committee also showed how nimble it could be by offering the new materials and exams that support our newest credential, the Tax-Exempt & Governmental Plan Consultant (TGPC). In addition to the new items, the E&E Committee continued to improve our other credential program materials, and they continued to develop the Web-based education that our members have embraced. Some of the large financial services firms have made long-term commitments to our educational programs, which will result in better service to participants and will increase the influence of ASPPA in the future.

Part of our educational program includes using the Internet to deliver timely, useful and enjoyable continuing education. When budgets tightened up and travel outside the office became difficult for many members this past year, we embarked upon what I call "webcast-o-rama," where we offered nearly three dozen webcast sessions. For the first time ever, we were able to produce live streaming presentations from the ASPPA Annual Conference. We successfully broadcasted several popular sessions over the Internet, in real time, as the presentations were occurring. We hope to experiment with this delivery method at future conferences and see if it is worthwhile, given the costs involved.

In order to continue to improve our technological capabilities, we implemented

many behind-the-scenes projects, such as upgrading our ASPPA online store and redesigning our Web site. While still a work in progress, we are on track to use the Internet to improve the services that we provide to our members.

Membership growth has been astounding given the tough economic times. Member satisfaction in ASPPA is reflected in the membership retention rate. 97% of credentialed ASPPA members renew their membership each year. Affiliates renew at a 79% rate. These are truly remarkable statistics among professional organizations. We are closing in on a membership count of nearly 7,000, and we issued more than 400 professional credentials in 2009. Given the economy, we are very proud to have accomplished this feat while operating the organization at a virtual “break-even” financial position.

ASPPA has continued to provide a voice for our various constituents. As part of the formation of our ASPPA College of Pension Actuaries (ACOPA) organization, I had the opportunity to represent our actuaries in many inter-societal leadership positions, while we worked diligently to turn these relationships over to our ACOPA leaders. Some of the major projects included collaborating with other organizations on proposing a new procedure for actuarial professional discipline, exploring ways to increase collaboration in education and other common interests and appointing new leadership within the American Academy of Actuaries.

Another group of retirement professionals that we addressed was a part of our traditional membership, our third party administration (TPA) firm owners. A task force was formed and reported on ways that ASPPA could continue to provide a “home” for TPA firms as well as provide additional services.

As a result, we have formed an affiliated organization under the ASPPA umbrella, the ASPPA Plan Administrators Policy Alliance (APAPA). APAPA will allow our traditional “core” plan administration firm leaders greater access and input into ASPPA’s government affairs activities.

One of the best parts of my job this past year was the enjoyment in seeing many of you at ASPPA conferences. Many of the conferences were very well attended, and while a few of them experienced a modest decline in the number of attendees, the educational experience was of the highest quality. ASPPA once again proved that it offers the best conferences in the industry. We added a new conference in Cincinnati last November, and the actuarial conferences enjoyed “sold out” status. Our new ASPPA Annual Conference venue for now and the foreseeable future is the fabulous Gaylord National Hotel in National Harbor, MD, where our attendees experienced one of the best conferences ever, and the extra “elbow room” was much appreciated by all attendees!

Part of what makes ASPPA so great is the diversity of people who are involved in our leadership. This year, we continued our ongoing project to address the governance of our ASPPA Benefits Councils (ABCs) and to standardize our ABC bylaws. Our ABCs have proven to be a great source to obtain new members and a great place to develop our leaders, as many ASPPA volunteers began their involvement in the local organizations before joining our committees. Now that the ABC bylaws project is complete, the Board of Directors will consider adding more ABCs in the coming year, as we have quite a backlog of requests from various communities.

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Another project that was especially fulfilling was becoming involved with the leadership of the National Tax Sheltered Accounts Association (NTSAA). At the time of this writing, we are still awaiting the final vote that would allow NTSAA to become a semi-autonomous organization under the ASPPA umbrella. No matter how the vote comes out, NTSAA has helped ASPPA immensely with its leadership in the areas of §403(b) and §457 plans. The TGPC credential program couldn't have occurred without NTSAA's help, and our government affairs efforts have been enhanced. Our goal of becoming the premier organization for retirement plan professionals is only strengthened by our relationship with this vibrant organization.

It is my pleasure to applaud the Marketing Committee for its many marketing activities in conjunction with all of the other ASPPA committees. Some of these included a market study of actuaries, creating a new exhibit booth for industry conferences, forming a task force that examined the financial services marketplace, monthly gathering of data from our members about their views and the drafting of a new marketing plan. ASPPA continued to be spotlighted in the media, and many of our leaders assisted in helping the press sort out the complex retirement plan issues so that the topics could be better discussed and examined by the public. The Marketing Committee provided people who served as liaisons to each committee, thereby enhancing each committee's marketing plans.

When one thinks about our goals and the future of ASPPA, the subject of leadership comes to mind. We have made great efforts in the last several years to develop and mentor our upcoming leaders. ASPPA will remain a vibrant and growing

organization if we embrace diversity. Our organization has sought and developed leaders from every segment of our membership. Our Board of Directors continues to operate at a very strategic level, and the Board has successfully delegated implementation issues to our ASPPA Management Team (AMT). The AMT consists of the people that can get the job done—our partnership between the volunteer committee co-chairs and the staff committee co-chairs. It is heartening to see so many skilled and committed people working together and doing such a good job!

I am blessed that I had the opportunity to be the 2009 ASPPA President. As you can see, ASPPA faced its share of challenges and triumphed! Our volunteers and staff did a tremendous job, and our members were well served. My year was made memorable by working hard with all of our leaders and hanging out with ASPPA members. We made great strides toward accomplishing our strategic goals, and our future looks brighter than ever. Thank you for the opportunity to be of service! 

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Stephen L. Dobrow, CPC, QPA, QKA, QPFC, is president of Primark Benefits, a pension consulting firm in Burlingame, CA, and ASPPA's Immediate Past President. Stephen worked on the ASPPA Conferences Committee for many years and oversaw the dramatic expansion undertaken in this area. He also served at various times as chair of ASPPA committees such as Membership, ASPPA PAC and Finance and Budget, and he has held positions including Treasurer, member of the Board of Directors and member of the ASPPA Executive Committee. Stephen holds a degree in Management from Golden Gate University in San Francisco. He formerly served as a chapter officer for NIPA and is active in the Western Pension & Benefits Conference. (sdobrow@primarkbenefits.com)

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Health Care Reform Includes Safe Harbor Cafeteria Plan

by Brian H. Graff, Esq., APM

As of this writing, it is looking increasingly likely that the health care reform debate will not be completed by the end of 2009, notwithstanding the last-minute push by President Obama. What that likely means is that as you are reading this article, the debate is still ongoing and could continue quite possibly to the spring Congressional recess.

Regardless of your own views on health care reform, you should be aware that tucked into the Senate version of health care reform is a proposal by Senator Snowe (R-ME) that would create a new safe harbor for small business cafeteria plans as well as another critical change that would hopefully make cafeteria plans more attractive for small businesses. If enacted, the proposal would be effective beginning in 2011. Given that many ASPPA members work with cafeteria plans, we felt it important to highlight this issue.

Background

The proposal, which ASPPA's Government Affairs Committee helped develop, was included in legislation introduced by Senator Snowe [and co-sponsored by Senators Bingaman (D-NM) and Bond (R-MO)] called the SIMPLE Cafeteria Plan Act of 2009 (S. 988). Specifically, the proposal would create a new "SIMPLE" cafeteria plan for small businesses, which would be exempt from the nondiscrimination requirements applicable to cafeteria plans if certain requirements were met. The safe harbor would also cover the

nondiscrimination requirements applicable to certain benefits offered under the cafeteria plan, including group term life insurance, coverage under a self insured group health plan and benefits under a dependent care assistance program.

Presently, these nondiscrimination rules have been, to be frank, an unfair impediment on the utilization of cafeteria plans by small businesses. Take the key employee concentration test, for instance. That test requires that qualified benefits provided to key employees may not exceed 25 percent of the total of all benefits provided for all employees under the plan. Even if all an employer's employees participate in the plan, because of the way the test works, the plan may be considered discriminatory merely because there is a large number of owner-employees—fairly typical for a lot of small businesses. For example, if a company has three key employees, each of whom elects \$2,000 in nontaxable benefits, and seven non-key employees elect the exact same level of benefits (\$2,000), the plan will fail the test since 30 percent of the total benefits are going to key employees. $[(3 \times \$2,000) / (10 \times \$2,000) = 30\%]$ Simply put, this test discriminates against small businesses for being small.

Then there are the tests applicable to particular benefits. Dependent care benefits alone are subject to four different tests: (1) an eligibility test; (2) a contributions and benefits test; (3) the more than five percent owner concentration test; and (4) the 55 percent average benefits test. To demonstrate how these tests also discriminate against a small business for being small, let's look at the 55 percent average benefits test. Under this test, the average dependent care assistance benefit provided to all NHCEs must be at least 55 percent of the average benefit provided to all HCEs. The test operates

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very much like the ADP test applicable to 401(k) plans, including that nonexcludable NHCEs who do not participate are included in the test as a zero. For example, assume the same small business as above (the three key employees are the only HCEs). Two of the three HCEs contribute \$5,000 into the dependent care assistance program and two of the NHCE contribute \$5,000 into the dependent care assistance program. The plan would fail since the average benefit for NHCEs is only 43 percent of the average benefit for HCEs. $[(2 \times \$5,000/7)/(2 \times \$5,000/3) = 42.8\%]$ Rather than making sure cafeteria plan benefits are fairly distributed, these tests seem more designed to prevent small businesses from offering cafeteria plans in the first place.

SIMPLE Cafeteria Plan for Small Businesses

Under the proposal, cafeteria plans maintained by small businesses would be exempt from these onerous requirements if they meet certain minimum eligibility and participation requirements as well as minimum contribution requirements.

Eligible Employers

An employer is eligible to sponsor a SIMPLE cafeteria plan if, during either of the preceding two years, the small business employed on average 100 or fewer employees on business days. A transition rule applies for new businesses based on the number of employees the business is reasonably expected to employ. Also, businesses maintaining a SIMPLE cafeteria plan that grow beyond 100 employees will have a transition period until they exceed on average 200 or more employees. The usual controlled group rules apply in satisfying these rules.

Eligible Participants

To qualify, all otherwise not excludable employees must be eligible to participate, and each eligible employee must be able to elect any benefit available under the plan (subject to the terms and conditions applicable to all participants). Employees may be excluded if they:

- have not attained age 21 before the end of the plan year;
- had fewer than 1,000 hours of service during the preceding plan year;
- have less than one year of service as of any day during the plan year;
- are covered under a collective bargaining agreement; or
- are nonresident aliens.

Minimum Contribution Requirement

Like a 401(k) safe harbor plan, there are two alternative ways employers can satisfy the minimum contribution requirements that would apply to a SIMPLE cafeteria plan:


- The plan can provide flex-credits available for use during the plan year equal to at least two percent of each NHCE's compensation (regardless of any contributions made by NHCEs); or
- The value of employer-paid benefits under the plan are at least equal to two times the amount of the salary reduction contributions of NHCEs, but would not be required to be more than six percent of employee's compensation (*i.e.*, a 200 percent match up to six percent of pay).

Also like the 401(k) safe harbor, the rate of match for HCEs cannot be greater than the rate of match for NHCEs.

Allowing Self-employed Individuals to Participate in Cafeteria Plans

As you are aware, under current law "self-employed" individuals, such as sole proprietors, more than two percent shareholders in a Subchapter S corporation, members of a limited liability company and partners in a partnership are precluded from participating in a cafeteria plan. Since many small businesses are legally organized in a manner other than a traditional "C" corporation, this restriction is a major impediment to the use of cafeteria plans by small businesses. Further, there is simply no reasonable policy justification for excluding these small business owners merely due to the legal form of the business.

ASPPA's Government Affairs Committee is working to get this unreasonable restriction changed. We are hopeful that if the health reform legislation moves forward, it can be amended to finally allow business owners to participate in cafeteria plan just like other employees.

We will certainly continue to keep you apprised of these important developments. 



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Considerations in Cosponsoring PEO Plans

by S. Derrin Watson, APM

Professional Employer Organizations (PEOs) have been with us for many years. They can function as an outsourced human relations department. They can handle payroll, payroll taxes, employee benefits, workers compensation and other matters. Small employers can benefit by being able to provide their workers with benefit programs the employer could not otherwise provide on a cost effective basis, and avoiding the paperwork issues of employees. Large employers frequently use PEOs to reduce costs of a department (often because the PEO offers a lower level of benefits than the employer offers to its other employees).

Before 2002, there was great uncertainty about the retirement plans of PEOs. The IRS did much to clarify the operation and design of the plans with Rev. Proc. 2002-21. This Revenue Procedure allowed PEOs to establish multiple employer plans for the benefit of their worksite employees. The Procedure also made clear that if a PEO attempted to cover worksite employees under a single employer plan not cosponsored by the PEO's client organizations, the plan ran a serious risk of disqualification.

To understand this ruling and its aftermath, it is vital to understand the terminology of the ruling. A *Client Organization* (or CO) is a firm that uses the PEO to provide staffing services for some or all of its workers. It does not matter how many or how few workers the PEO provides to the CO.

A *worksite employee* is a worker that a PEO provides to a CO. At a 2003 conference, IRS officials confirmed that the true temporary employees (such as a worker who would replace a vacationing receptionist for a week) are not worksite employees. Rather, the real targets of the Rev. Proc. are workers on long-term assignment with a single employer, so called "permatemps."

Interestingly, the Rev. Proc. does not define its most important term, Professional Employer Organization. From comments of IRS officials, and the common usage of the term, a PEO is an organization which functions as an outsourced human resources department, providing staffing and payroll services for all workers at a business or department. The term is not as broad as



“leasing organization,” which Code §414(n) defines as an organization which provides leased employees to a recipient. A hospital that employs and supervises staff members of local medical practices might well be a staffing organization but would not be a PEO. By contrast, a staffing firm that had the primary business of providing worksite employees would be a PEO.

For example, suppose Carla Client (a sole proprietor) decides that she wishes to focus on her business and not be bothered with payroll, reporting and benefits issues. She engages Peter's PEO to put Carla's employees on Peter's payroll. Carla has the final word on hiring and firing decisions, and bears the responsibility for training the workers and giving them supervision and assignments. However, Peter will handle all payroll functions, including tax withholding and IRS reporting, and will provide benefit plans which Carla can choose to use for her workers. In this arrangement, Carla would be the CO, and Carla's workers would be worksite employees, while Peter's PEO would be a PEO.

Several court decisions in tax matters, as well as IRS and DOL rulings, had held that specific PEOs were not the common law employers of the worksite employees on their payroll. (Whether state law treats a PEO as an employer or co-employer is irrelevant to the federal tax and ERISA status of the PEO.) Rev. Proc. 2002-21 referred to the complexity of determining whether a PEO or the CO was the common law employer of worksite employees the PEO provided for the CO.

The employee status issue is crucial for proper handling of any retirement plan a PEO establishes. If the PEO is not the common law employer of the worksite employees on its payroll, then it is a violation of the Code §401(a) exclusive benefit rule for the PEO to sponsor a qualified plan for those workers. Before Rev. Proc. 2002-21, PEOs regularly established single employer plans, arguably in violation of the exclusive benefit rule.

The Rev. Proc. said that the IRS would not raise the exclusive benefit rule with regard to the prior operation of these plans if the PEO converted them to multi-employer plans, cosponsored by some or all of the COs using the services of the PEO's worksite employee. If a given CO did not cosponsor the plan, then the plan could not cover the CO's worksite employees. The conversion was to take place in 2004, according to a specific timetable and operating rules the Rev. Proc. laid down.

Significantly, if a PEO plan covers one or more worksite employees of a CO which does not cosponsor the PEO's plan after the end of the 2003 plan year, the PEO cannot rely on an IRS determination letter for that plan, regardless of the date of that letter. Since that time, virtually all PEO plans have operated as multiple employer plans. The consequences of not doing so are too large to ignore.

Rev. Proc. 2003-86 gave important insight and transition rules for the operation of these multiple employer plans. The key point is that the plan is to treat the worksite employees as though they are common law employees of the CO for which they provide services.

Compensation the PEO pays the worksite employee is treated as though paid by the CO. (Notice that the amount the PEO pays the worker is likely different from the amount the CO pays to the PEO for

the worker, since the PEO must be reimbursed for payroll taxes and overhead and will want to make a profit.)

Under Code §413(c) a multiple employer plan performs coverage and nondiscrimination testing separately for each adopting employer. To continue the earlier example, suppose Peter's PEO has 100 COs, of which 75 choose to cosponsor Peter's 401(k) plan. The plan must perform 75 separate ADP tests, one for each adopting employer (and perhaps a 76th if the plan covers Peter's back office employees or true temps). HCE status is determined at the level of the CO as well. For example, if Carla Client is on Peter's payroll, Carla would be an HCE by virtue of her ownership of her sole proprietorship, regardless of whether she has an interest in Peter's PEO.

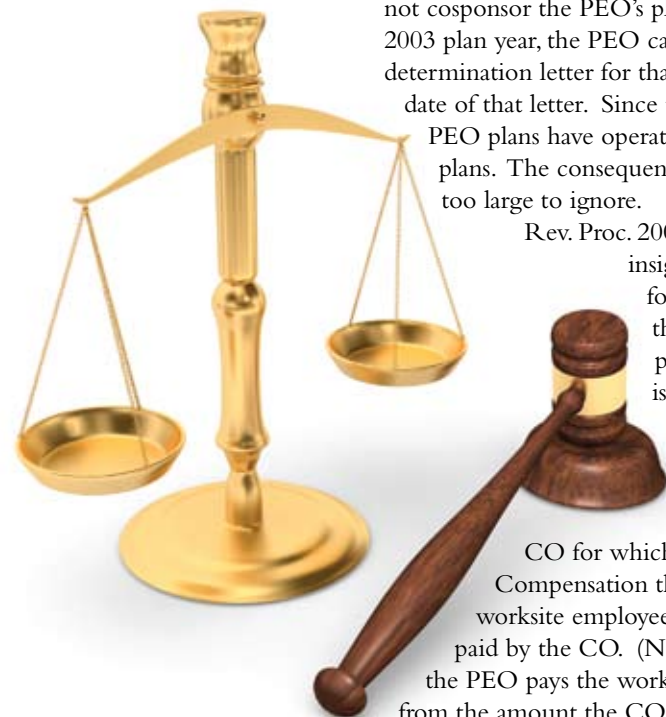
This scenario can make it tricky for the PEO to test coverage. The PEO must know not only about the worksite employees on its payroll, but also all other common law employees of each adopting CO. Thus, if a CO uses the PEO for only some of its employees, the CO will need to provide the PEO with census information so that the PEO can properly test for coverage.

Separate testing means that adopting a PEO plan won't, in and of itself, solve an employer's ADP/ACP testing issues. The employer failing the test with a single employer plan will likely confront the same issues with the PEO plan, unless the plan has a different design.

Although a multiple employer plan tests coverage, nondiscrimination and top-heavy separately, it counts service from all adopting employers in determining eligibility and vesting. This process can lead to surprising results, which the PEO must track carefully.

For example, suppose Ed Employee has been on Peter's payroll for two years, providing services to Carla. Before that, Ed was Carla's employee directly for another year. Ed leaves Carla and six months later, before receiving a distribution, goes to work for Barney Businessman. Barney is also a CO of Peter's PEO. On the date he is back on Peter's payroll, Barney is a rehired employee as far as the plan is concerned, and is already credited with two years of service for eligibility and vesting. The years of service Ed accrues with Barney affect the vesting of all his employer contributions in the plan, whether those contributions came from Carla or Barney.

One of the key concerns of PEO plans is the so called "bad apple" rule. A qualification defect relating to any employer cosponsoring the plan potentially subjects the entire plan to disqualification. Fortunately, compliance fees under



VCP are based on the portion which is failing, rather than the plan as a whole.


For example, suppose Amalgamated Networks is a CO of Peter's PEO. Amalgamated's 30 employees participate in the PEO multiple employer retirement plan (with 5,000 other employees). Amalgamated forgets to tell Peter that Amalgamated was a part of a controlled group. As a result, Peter does not learn until 2010 that Amalgamated's portion of the plan failed coverage for 2006 through 2009. The PEO plan as a whole is subject to disqualification. Peter submits a VCP application. Under EPCRS, the compliance fee is \$1,000, based on Amalgamated's 30 participants, rather than \$20,000 based on the 5,030 participants in the plan as a whole.

Ideally, a PEO plan should include a clause requiring each adopting employer to "clean up its own backyard" to pay for the costs of correcting its mistakes. The unfortunate reality, however, is that businesses sometimes are unwilling or unable to fulfill their promises. Since the entire plan is at risk if a disqualifying defect remains uncorrected, either the PEO or the COs would need to pay for fixing a flaw of a defaulting cosponsor.

In most PEO plans, cosponsoring employers would not be plan fiduciaries. They would have no authority to exercise discretionary management or control over the plan or its assets, or to appoint, remove or supervise the trustees or other plan fiduciaries and service providers. Typically, the PEO would exercise solely, and without participation by the COs, the authority of the plan sponsor with regard to supervision and oversight.

Effectively, the only decisions that a CO cosponsor would have would relate to the amount of discretionary contributions, and whether or not to participate in the plan (or withdraw its participation). By their very nature, these are settlor decisions and not fiduciary functions. Of course, that means that there is little a CO can do if it is dissatisfied with the administration of a PEO plan other than to withdraw from the plan. The rights of the withdrawing employer and its participating employees are governed by the terms of the plan document. Many COs have learned to their sorrow that they had limited abilities to compel distributions or transfers of the funds of their employees. A CO would do well to examine the document carefully to ensure that it can live with the arrangement throughout the lifecycle of its involvement with the plan.

PEO plans can offer adopting COs several important advantages. There are economies of scale in having a single plan to administer, update and report on. The COs and participants can enjoy

the financial advantages of participating in a large trust fund. The benefits many small employers seek from PEO, simplicity for the CO and the expertise of the PEO, also makes the PEO retirement plan attractive. But the plan has some subtle costs that a prospective CO should not discount: potentially higher costs because of crediting service, the need to coordinate between the PEO plan and other plans the CO maintains (or employees on the CO's payroll), the bad apple rule and concerns over rights upon termination. The CO should also weigh carefully the stability of the PEO, because if the PEO goes out of business, the COs who were looking for simplicity may find themselves in the middle of a very complex craft moving in swift currents, with no captain at the helm. 



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Pension Plans: Lump Sum or Annuity— or Both?

by Richard F. McCleary, MSPA, COPA

Many companies have struggled recently with underfunded defined benefit pension plans. As pension plans become more vulnerable due to underfunding or corporate bankruptcies, participants must decide whether to take their payouts in a lump sum or an annuity. When they terminate employment or retire, participants often need assistance from financial advisors and pension professionals in their decision between an annuity and lump sum form of payment.

By law, pension plans must offer annuities to plan participants. Typically, an annuity benefit is paid monthly for the lifetime of the annuitant. In the case of married participants, the monthly pension benefit is paid over the joint life of the annuitant and his or her spouse. After the death of the participant, the benefit continuation to the spouse varies, but is most often 50% of the benefit that was paid while both the participant and spouse were alive. A married participant may choose to receive payments for his or her life only, but by law the spouse must sign off on that decision.

In lieu of an annuity, pension plans may, but are not required to, also offer a one-time lump sum payment. A lump sum is a cash value that is mathematically equivalent to the sum of future payments and is calculated using interest rates and life expectancies mandated by the IRS. Theoretically, if a participant deposited this cash value in an account bearing the same interest rate for the participant's life expectancy, or the term of the annuity, the accumulated amount would equal the sum of all of the future annuity payments.

	Pros	Cons
Annuity	<ul style="list-style-type: none"> • Certainty: The amount of pension benefit is fixed and continues for life. • Low risk: Participants do not have to invest the money or worry about investment performance. 	<ul style="list-style-type: none"> • Inflation: Unlike Social Security benefits, most corporate pension plans do not increase pension benefits with inflation. • Unexpected expenses: Surprise medical bills, home repairs, vacations, etc., require more individual budgeting discipline. • No guarantees: Pension benefits are not guaranteed. Healthy companies sometimes run into problems, and they may renege on pension promises. There is a federal agency called Pension Benefit Guaranty Corporation (PBGC) that can step in to help, but there are limits to the protection that PBGC offers.
Lump Sum	<ul style="list-style-type: none"> • Control: Participants have more control over pension money, including investing and the ability to withdraw amounts at any time. • Succession: Cash balances may be passed on to heirs instead of being lost when the participant dies. 	<ul style="list-style-type: none"> • Responsibility: Participants must invest and maintain their accounts so that they do not outlive their pensions. • Taxes: Immediate tax bill can be high if the amount of the lump sum is taken in cash and pushes the participant into a higher income bracket. • Risk: Cash assets could be at risk if the participant or spouse become terminally ill or need to enter a nursing home.

Comparison of Benefits

The value of annuities and lump sums can vary based on interest rates, retirement age and life expectancy. The provisions and operation of the pension plan can also impact the comparison of these benefits.

For example, a pension plan provides a life annuity of \$40,000 per year at age 65. The lump sum value of this benefit for a 65-year old participant is \$501,000, using the December 2008 transitional segment rates under Internal Revenue Code Section 417(e), or an effective rate of approximately 4.5%. This calculation is also based on the assumption that, at age 65, a healthy person lives to age 84.

Comparatively, for a 60-year old participant, the reduced life annuity under the same plan might be \$28,000, since the benefit payments start five years earlier. The immediate lump sum value in this situation is \$398,000.

The decision of whether to take the lump sum is not obvious. The choice needs to be made based on many variables. The interest rate is one consideration. For instance, if the participant thinks that he or she could take the lump sum at

age 65, invest it and earn more than 4.5% while withdrawing annual payments of \$40,000, then the lump sum is the better choice. The better the investment performs, the more the participant will be able to receive in total annuity payments.

Another way to look at it is based on life expectancy. If a male participant dies before age 84, then the lump sum is the better choice. If the participant outlives the assumed life expectancy, then the annuity may have been the better choice.

However, when given the option, most participants would elect the lump sum over the annuity in the above scenarios just based on the mere size of the payment. This outcome is mainly due to the low interest rates that have been used in determining larger lump sum amounts over the past few years. Also, most retirees seize the opportunity to gain control of their pension funds for mere emotional reasons if nothing else. It is a lot of your money to put someone else in charge of.

Law Changes

The Pension Protection Act of 2006 (PPA) reformed funding and other rules for defined benefit pension plans, introducing a corporate

The decision of whether to take the lump sum is not obvious. The choice needs to be made based on many variables.

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The main idea is to have the security of a monthly annuity, while still having a lump sum as protection against inflation and unexpected expenses.

bond yield curve that is used in determining lump sum payments. (Before PPA, 30-year Treasury yields were used.) The yield curve is based on high-grade corporate bonds. The new interest rates will be phased in gradually, starting with lump sums paid in 2008 and implemented fully for lump sums paid in 2012.

These changes in the law lower lump sum amounts, mainly because corporate bond rates are typically higher than US Treasury rates. As an example, under the new rules fully phased in, the lump sum for the 65-year old participant in the above example would be \$411,000 (the effective interest rate is around 6.75%). Fortunately for participants retiring in the near future, this full reduction will not occur until 2012. Those employees who took a lump sum distribution before 2008 were not affected at all by the new rules.

PBGC Guarantees

Most corporate pension plans are insured by a government agency called the Pension Benefit Guaranty Corporation (PBGC). PBGC sets an annual maximum benefit for plans that it takes over. The PBGC maximum benefit was \$54,000 for plans terminating in 2009.


Certain types of benefits may not be guaranteed by PBGC, such as disability benefits or

death benefits sometimes provided under pension plans. Also, participants within a few years of satisfying retirement eligibility may be out of luck with PBGC. For example, an employee who has 28 years of service but needs 30 years of service to receive full retirement benefits may not be allowed those benefits when the plan is terminated and taken over by PBGC.

PBGC has reported large deficits in recent years, including a deficit of more than \$33.5 billion in 2009. Most of its funding is from insurance premiums paid by sponsors of defined benefit plans. Finally, its obligations are not backed by the "full faith and credit of the US government."

Current Participant Behavior

In situations where a pension plan participant is offered the choice of receiving a lump sum, there recently have been more retirees attempting to compromise and get the best of both worlds. Because annuities and lump sum benefits both have advantages, a popular approach has been to take the lump sum from the pension plan and roll it over directly to an IRA, so that the money will not be taxed immediately. Once the money is in the IRA, a portion of it can be used to purchase an annuity from an insurance company. The annuity may be larger or smaller than the monthly benefit from the company-sponsored pension plan, but it should be comparable. An advantage of using this approach is that a participant can shop around for the highest benefit provided by one or more of many reputable insurers. But also attractive is the partial lump sum remaining in the IRA, which can be used for travel, boats and other large retirement expenses.

The decision about splitting up the IRA is personal and can be based on many things, such as other personal assets, monthly budgets, Social Security benefits, healthcare insurance, comfort level in managing a lump sum, tax treatment and personal health. The main idea is to have the security of a monthly annuity, while still having a lump sum as protection against inflation and unexpected expenses. 



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Death to the Prospectus Requirement!

The Future of 401(k) Disclosure

by Pete Swisher, CPC, QPA

Question: What do you call a rule that requires an 800-page participant disclosure?

Answer: The question speaks for itself.

Transparency frenzy grips Congress, and new laws are coming. But the DOL has been hard at work to improve transparency and disclosure since at least 2007, when it announced three major transparency initiatives. Two of the three are on hold while the President and Congress look at ways to take transparency to a higher level. But the DOL did a good job on its new rules, though naturally some think otherwise, and these rules will be back once Congress has weighed in.

The purpose of this article is to examine the likely future of disclosure in light of the current impetus for reform, with a special focus on the prospectus requirement of DOL Reg. §404c-1 and its cautionary tale of good intentions gone awry.

Beware! If you haven't started changing your business practices to conform to the new rules (which don't exist yet), you're way behind. The article, therefore, concludes with some action guidelines.

Setting the Stage: The 404(c) Rules

The DOL's §404c-1 regulation provides the details of how fiduciaries may avail themselves of the optional protections of ERISA Section 404(c), which provides conditional relief from liability for participant investment choices. The regulation currently requires that for any security or mutual fund subject to securities law prospectus requirements that is available in a participant directed plan, the plan fiduciary must give a prospectus to all participants **whether they ask for it or not**. The book, *401(k) Fiduciary Governance: An Advisor's Guide*, describes the prospectus requirement as follows:



As a practical matter, the prospectus requirement is virtually ignored in the 401(k) industry today. Vendors do not mail stacks of a dozen 80-page prospectuses to every participant; sponsors do not hand stacks of prospectuses out; advisors do not carry boxes of prospectuses to every enrollment meeting and make sure every participant gets his or her stack. As a practical matter, no one wants the prospectuses. The very few who do want to read the prospectuses (all 800+ pages in a typical plan) don't mind asking for them. But the fact that the rule is expensive, unwanted and unworkable does not change the fact that compliance requires delivery of stacks of paper and the attendant deaths of innocent trees.

This rule was a bad rule, created with the best of intentions, and the ERISA Advisory Council told the DOL as much in 2004 when it examined this issue and recommended that the delivery of a prospectus be changed from a "push" requirement (information that is pushed out to participants whether they want it or not) to a "pull" or on demand requirement.¹



¹ See the report of the 2004 Advisory Council at www.dol.gov/ebsa.

The DOL listened and made it so. They killed the prospectus requirement and replaced it with a sensible “on demand” requirement in the proposed participant disclosure rule of DOL Reg. §404a-5 (and the concurrent amendment to §404c-1, removing the prospectus language). Alas, the proposed change is on hold.

Is the future of transparency one of “more is better”? Will we all asphyxiate after chopping down Earth’s forests to make paper for quarterly disclosure encyclopedias? Or can the trees yet be saved? The answer will arise from a combination of existing rules like the prospectus requirement, the new rules Congress will soon hand us, and the form in which the DOL’s three transparency initiatives ultimately emerge.

The DOL’s Three Transparency Initiatives

The Department of Labor was on a roll in 2008. Faced with widespread government, industry and public concern about the level of disclosure and fees in qualified plans, they completed three significant initiatives begun in 2007 (or before):

- Substantially increased disclosures on the annual Form 5500;
- A new point-of-sale disclosure (408b-2); and
- A new participant disclosure rule (404a-5).

As of July 22, 2008, when the DOL published the proposed participant disclosure regulations, they had delivered on all three initiatives.

Since then, two of the three have been withdrawn under pressure from Congress and the new Administration. I predict these rules **will be back** because the DOL did a good job given the constraints it faced. The new laws we’re sure to see will naturally require the DOL to make revisions, but those parts of the three proposed regulations that made the most sense will probably resurface. A review of the three initiatives is therefore in order.

New 5500 Disclosures

Is your firm collecting the following data systematically, in a way that is easily transferable to client Forms 5500?

- All indirect compensation, including commissions, 12b1s, shareholder servicing fees, finders’ fees, sub-transfer agency fees, soft dollar payments, float, marketing fees, conference booth fees and any other thing of value;
- All direct compensation (fees charged);
- The breakdown among the various parties who receive portions of the compensation available; and

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- Small gifts and gratuities such as lunches and other entertainment expenses, both from you to a client or vendor and vice versa.

Service providers, including brokers, RIAs, recordkeepers and others, are now required to provide detailed compensation disclosures on the Schedule A (used for insurance contract and agent disclosures) and/or C (for other service providers), though not universally. The Schedule C service provider schedule will remain limited in that the \$5,000 threshold still applies—below that limit for a single provider, no reporting is required—and the Schedule C disclosures only apply to large plan filers, those with 100 or more participants. Since most plans are small plan filers (80%), and because the smaller large plan filers often have one or more vendors whose compensation is below the \$5,000 threshold, the 5500 will be useful as a transparency tool primarily for large plans. Even for those larger plans, however, there is no assurance that the 5500 data will represent a truly comprehensive listing of fees and expenses, though it will clearly increase overall transparency.

The 5500 reporting rules are the only one of the three initiatives not suspended. The DOL has provided a one-year extension to allow service providers to get their systems up to speed, but the new regulation is final and effective as of January 1, 2009.

Rules for Contracts and Fee Proposals under 408b-2

Have you rewritten your service agreement in the past 18 months? If not, start writing. RIAs and brokers (and therefore their broker/dealers) are especially affected, because these groups traditionally have had only cursory engagement agreements or none at all.

The long-standing DOL regulation under ERISA §408(b)(2)² provided the means for vendors to provide services and get paid for doing so, which would otherwise be a prohibited transaction. The basic rule is that no one may provide a service or receive compensation from an ERISA plan unless



2 DOL Reg. §408b-2, or just “408b-2” these days.

The new 408b-2 rules, if made effective, will therefore be a powerful new tool for achieving transparency at the plan sponsor or fiduciary level, but not at the participant level.

the service is reasonable, the compensation is reasonable and the contract or arrangement is reasonable.

Where the old rules were very general, however, the proposed rules were specific and required detailed disclosures, specific contract terms, and that vendors comply with those contract terms. Failure to meet these requirements would be a *de facto* prohibited transaction. The new 408b-2 rules, if made effective, will therefore be a powerful new tool for achieving transparency at the plan sponsor or fiduciary level, but not at the participant level. Also, it will remain the case that any vendor's 408b-2 disclosure will not be a comprehensive disclosure except in the case of certain fully bundled arrangements: different providers will offer separate disclosures. Someone must still collate the data.

The new 408b-2 rules have other powerful implications as well. For a discussion of a major ethical dilemma and decision facing brokers and broker/dealers who serve qualified plans, see "The 401(k) Broker's Dilemma" in the summer 2008 edition of *ABA Trust & Investments*. The dilemma is this: brokers who are fiduciaries are often **unacknowledged fiduciaries** because their broker/dealers will not let them acknowledge fiduciary status. Serving as an unacknowledged fiduciary is arguably a prohibited transaction (PT) under current rules and is *clearly* a PT under the DOL's 2008 revision. Since the problem of unacknowledged fiduciary service is widespread, this one seemingly minor tweak to the rules could have major ramifications for the industry.

The DOL's amendment to Reg. §408b-2(c) is on hold, but my money is on this rule coming back: it makes too much sense. And because it's

a paradigm shifter (due to the unacknowledged fiduciary problem and the need for detailed service agreements even for brokers), providers ignore it at their peril.

The 404a-5 Participant Disclosures

The final initiative was a rule requiring participant disclosure, Reg. §404a-5, plus an amendment to §404c-1. Since participant transparency is Congress' big thing at present, it seems reasonable to expect that these changes will resurface in a substantially altered form if at all. My expectation is that, again, the proposed rules made enough sense that we can expect to see them again, but in this case Congress is clearly stepping in to legislate more detailed and stringent requirements.

What distinguished the DOL's participant disclosure is that it would be solely the plan fiduciary's responsibility, not the vendors' responsibility. The fiduciary would be obligated to pull together the data from the vendors' 408b-2 and quarterly disclosures, put them into a consolidated format and pass the information on to participants, who will then see a comprehensive picture of fees charged against their accounts. The DOL took the position that such disclosure is a *basic fiduciary responsibility* to participants, implied under ERISA §404(a)(1), the Prudent Man Rule, for all participant-directed plans.

Opinions ran strong on 404a-5 when the DOL first published it. One commentator went so far as to call it the "Anti-Participant Rule" due to his perception that disclosures which don't go far enough can actually be worse for participants than the previous lack of disclosure. My own feeling, again, is that the DOL did a good job given the state of current law, and parts of their effort that made sense will likely resurface.



How the Prospectus Requirement Almost Died...And Might Still

The DOL's proposed 404a-5 participant disclosure rule was paired with an amendment to DOL Reg. §404c-1, the ERISA §404(c) regulations, which would have changed the prospectus requirement from a "push" to a "pull" requirement. Instead of having to give prospectuses to every participant whether he or she asks for them or not, the proposed changes would have meant that delivery of prospectuses on demand would be sufficient. This change is perfectly reasonable, but unless the DOL's proposals come back, this change is itself dead.

So When Do We Get to Watch the Hangin'?

I feel like I got all dressed up and took the family to town for a Sunday hangin', only to arrive and find that the bad guy had escaped. The wife and kids were so disappointed. The 404(c) prospectus requirement deserved to die. Is it now going to go free because of the transparency pendulum's current position in its backswing? Or will justice prevail?

Counterpoint: Prospectuses are Good

Question: If Bernie Madoff had been running a mutual fund instead of a hedge fund, would his fraud have succeeded?

Answer: No.

Mutual funds are carefully regulated and, as a result, quite safe. They may lose money from bad markets or bad investments, but not because the fund manager turns out to have no compunctions about robbing widows and charities. The prospectus is a good thing; it is a formal disclosure that, combined with other rules, forces mutual funds to play fair. Just because no one reads it doesn't mean it's not useful. The 404(c) prospectus *requirement*, on the other hand, is a bad thing, but only because the "push" requirement is unreasonable.

Bernie Madoff and the countless other investment frauds that have emerged over the years provide us with a crucial lesson: transparency works.

But Not All Funds Are Required to Have Prospectuses

The 404c-1 prospectus requirement says that fiduciaries only have to pass on to participants prospectuses for funds that *have* a prospectus. Since insurance company separate accounts and bank collective trusts are not mutual funds, they don't

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have prospectuses and thus are not subject to the prospectus requirement. Group annuities, however, are contracts that have prospectuses, so the plan level prospectus might logically be a document that must be passed through.

Weigh the absence of the need for delivery of a prospectus to every participant against the absence of the disclosure that a prospectus provides. There are pros and cons. The bottom line, again, is that prospectuses are a good thing; it's the "push" nature of the current prospectus requirement that makes no sense.

The Moral of the Prospectus Story

Disclosure reduces malfeasance. A high level of transparency reduces fraud and improves fee competition by giving the people who know what to look for (professionals) a way to find it. Participants, on the other hand, can't generally be bothered to spend more than three minutes annually on their retirement—the single largest purchase of their lives. They rarely read what we currently give them, and they won't read the new stuff, either. So transparency at the *fiduciary* level is critical, but transparency at the participant level should lean toward simple disclosures that can be supplemented with details **upon request**. Such is the lesson of the prospectus requirement.

Proposals From Congress

At the time this article is being written, several proposals for transparency reform are making their way through Congress. The most important is probably The 401(k) Fair Disclosure for Retirement Security Act of 2009 (H.R. 1984), introduced in April by Representatives George Miller (D-CA) and Rob Andrews (D-NJ). Key provisions include:

- Amends ERISA to establish a new disclosure requirement for the Administrator under a new §111;
- Requires providers to disclose to employers all fees assessed against the participant's account, broken down into four categories: administrative fees, investment management fees, transaction fees and other fees (would require some bundled vendors to break these costs out separately). Note that this requirement roughly matches what would have been required under DOL's Reg. §408b-2(c);
- The \$5,000 threshold applies: disclosure would only be required for service providers whose compensation was \$5,000 per year or more [a lesser standard than 408b-2(c) would have required, since the DOL did not propose that the threshold would apply];
- Requires service providers to disclose financial relationships and potential conflicts of interest to plan sponsors (again, as in 408b-2);
- Quarterly statements would be required to list all fees subtracted from the account in one number, but the worker could request more detailed fee information from his or her plan administrator (not unlike the DOL's Reg. §404a-5); and
- Requires the use of at least one index fund if the plan is to be eligible for ERISA §404(c) relief.

The Future of Transparency


The current bills before Congress, combined with the DOL's three transparency initiatives, allow us some scientific guesses. Here are some principles it would seem wise to assume will ultimately find their way into regulations:

- From 408b-2(c) we might expect:
 - Comprehensive disclosure by vendors to fiduciaries at point of sale; and
 - Disclosure of more than just costs, but also compensation and conflicts of interest (the "Three Cs" of reasonable compensation³).
- From the new 5500 disclosure rules we can expect:
 - Increased disclosure of commissions, revenue sharing, client lunches and other forms of compensation that require us to track those items and faithfully report them.
- From 404a-5 we might expect:
 - A fiduciary standard requiring plan fiduciaries to assemble and provide to participants in participant-directed plans a meaningful disclosure document; and
 - If we're lucky, the death of the prospectus requirement.
- From Congress we might expect:
 - Participant disclosures similar to the DOL's 404a-5 approach;
 - Fiduciary disclosures from vendors similar to the DOL's 408b-2 approach;
 - Potential disclosure of fund transaction cost estimates;
 - Breakdown of costs that requires bundled providers to estimate the portion of fees going to each department of their companies (e.g., recordkeeping, investments, trust, etc.);
 - Mandatory inclusion of at least one index fund; and
 - Additional regulations from the DOL providing details of how any new laws will be enforced (e.g., we might expect to see the DOL's three initiatives put back into play, with changes, plus an additional regulation implementing the new ERISA §111).

What You Should Already Be Doing to Prepare

- Preparing a detailed service agreement that conforms, at least in spirit, with the DOL's "final" but on hold 408b-2 regulation. Your agreement should present a compelling value proposition and accurately reflect what you do and how you get paid. (This practice is arguably an ERISA requirement already, and the DOL's 408b-2 revision just made it official.);
- Collecting data on all indirect compensation you receive, including all forms of revenue sharing, float and soft dollars;
- Collecting data and setting guidelines for soft dollar payments such as travel, education (does your vendor send you to conferences?), meals and entertainment, both from and to clients and other parties;
- Collecting data on all payments you make to third parties or parties in interest;
- Refining systems for preparing and distributing participant disclosures that conform, at least in spirit, with the DOL's Final/on hold 404a-5 regulation. While you're at it, consider conforming to HR 1984; and
- Revising your form ADV Part II if you're an RIA and matching up the language you use with that in your new service agreement.

Conclusion

Prospectuses are good; the prospectus requirement is bad. Transparency is good, but too much disclosure forced down to participants is bad. It's not yet clear how many trees will die once the rulemaking is done, but genuine (though still incomplete) transparency is coming, and you should already be preparing your firm for the new paradigm. And with any luck, the prospectus requirement will soon die a gentle death and serve as a model for future disclosure. 



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³ See 401(k) *Fiduciary Governance: An Advisor's Guide*, Chapter 13, for a discussion of what constitutes a "reasonable" fee under ERISA.

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ASPPA Conference Calendar

2010



	Conference	Date	Location
March	The ASPPA 401(k) SUMMIT	March 14-16	Orlando, FL
May	Benefits Conference of the South Mid-Atlantic Benefits Conference	May 13-14 May 24-25	Atlanta, GA Philadelphia, PA
June	Women Business Leaders Forum ACOPA Advanced Actuarial Conference Great Lakes Benefits Conference ERPA Conference	June 2-4 June 10-11 June 16-17 June 17-18	San Antonio, TX Chicago, IL Chicago, IL Chicago, IL
July	Northeast Area Benefits Conference Northeast Area Benefits Conference Western Benefits Conference	July 12 July 13 July 18-20	Boston, MA New York, NY Los Angeles, CA
August	ACOPA Actuarial Symposium	August 13-14	Las Vegas, NV
September	DOL Speaks: The 2010 Employee Benefits Conference	September 20-21	National Harbor, MD
October	ASPPA Annual Conference	October 17-20	National Harbor, MD

2011

	Conference	Date	Location
March	The ASPPA 401(k) SUMMIT	March 6-8	Las Vegas, NV
July	Western Benefits Conference	July 24-26	Las Vegas, NV
October	ASPPA Annual Conference	October 23-26	National Harbor, MD

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2010 ASPPA President Sheldon H. Smith, APM, presents 2009 ASPPA President Stephen L. Dobrow, CPC, QPA, QKA, QPFC, with the President's Plaque during General Session 1.

ASPPA General Counsel and Past President Craig P. Hoffman, APM, speaks during General Session 2: Washington Update.



Keynote speaker Stephen M. R. Covey addresses the crowd during General Session 3.



Attendees had the opportunity to visit 80 vendor displays in the exhibit hall.

Exhibitors

401k ASP
Access Control Advantage
American Benefit Strategies, LLC
BCG Terminal Funding
Benefit Insights, Inc.
BLAZE SSI Corporation
Blue Ridge ESOP Associates
College for Financial Planning
Colonial Surety Company
Conference of Consulting Actuaries (CCA)
DailyAccess Corporation

Digiscribe International
ExpertPlan, Inc.
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INSPIRA
International Foundation of Employee Benefit Plans
InvestLink
IRS-TE/GE Employee Plans

Judy Diamond & Associates
Kingsbridge Disaster Recovery
Lynchval Systems Worldwide, Inc.
Matrix Financial Solutions
Millennium Trust Company, LLC
NewRiver, Inc.
NextStep Defined Contribution, Inc.
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NIPA
OneAmerica
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PBGC
Pen-Cal
Principal Financial Group
State Street Retiree Services
TD Ameritrade
The Bancorp Bank
vWise, Inc.

Annual Conference 2009 Participants!



ASPPA Executive Director/CEO Brian H. Graff, Esq., APM, and Phyllis C. Borzi, Assistant Secretary, EBSA, US Department of Labor, provide a Governmental Update during General Session 4.



2009 ASPPA President Stephen L. Dobrow, CPC, QPA, QKA, QPFC, greets member of the ASPPA Board of Directors Laura S. Moskwa, CPC, QPA, during the President's Welcome Reception in the exhibit hall.



ASPPA members visited Capitol Hill to speak with their congressional representatives about current issues affecting the industry.

Speakers

- | | |
|---|---------------------------------------|
| Nevin E. Adams | Kathryn J. Kennedy, Esq. |
| Scott C. Albert, QPA | Charles J. Kloose, FSPA, COPA, CPC |
| L. Joann Albrecht, CPC, QPA | Yannis P. Koumantaros, QPA, QKA |
| Lisa Alexander, Esq. | Richard Kutikoff, MSPA, COPA |
| Bruce L. Ashton, Esq., APM | Norman Levinrad, FSPA, COPA, CPC |
| Michael L. Bain, MSPA, COPA | Barry Max Levy, QKA |
| Richard A. Block, MSPA, COPA | Charles D. Lockwood, Esq. |
| Phyllis C. Borzi, Esq. | Marjorie R. Martin, MSPA, COPA |
| Alex M. Brucker, Esq., APM | Rhonda Migdail |
| G. Patrick Byrnes, MSPA, COPA | Judy A. Miller, MSPA, COPA |
| John A. Carnevale, JD | Jeffrey Monhart |
| Erik Daley | Stephanie Napier, Esq., APM |
| Mark A. Davis, QPFC | Beverley Olivier |
| Lawrence Deutsch, MSPA, COPA | Saswati Paul, Esq. |
| Susan Diehl | Pamela D. Perdue, Esq. |
| Stephen L. Dobrow, CPC, QPA, QKA, QPFC | Richard M. Perlin, CPC, QPA, QKA |
| Kevin J. Donovan, MSPA, COPA | Charles T. Petrasanta |
| Lorraine Dorsa, MSPA, COPA | Kurt F. Piper, MSPA, COPA |
| David B. Farber, MSPA, COPA | Thomas E. Poje, CPC, QPA, QKA |
| Ilene H. Ferenczy, Esq., CPC | Adam C. Pozek, QKA, QPFC |
| Thomas J. Finnegan, MSPA, COPA, CPC, QPA, | Michael B. Preston, MSPA, COPA |
| James P. Flannery | J. Michael Pruett, CPC, QPA |
| Brian H. Graff, Esq., APM | C. Frederick Reish, Esq., APM |
| Carolyn Hinchman Gray, Esq. | Robert M. Richter, Esq., APM |
| John P. Griffin, Esq., APM | Christopher J. Rillo, Esq. |
| Ingrid Grinde | Alan R. Ross |
| Cynthia A. Groszkiewicz, MSPA, COPA, QPA | Janet Rubenstein |
| Joan A. Gucciardi, MSPA, COPA, CPC | Tara S. Sciscope |
| Ronald E. Hagan | Susan P. Serota |
| Laura R. Harrington, CPC, QPA, QKA | Sarah E. Simoneaux, CPC |
| John D. Hartness, Jr., Esq., APM | Sheldon H. Smith, Esq., APM |
| William P. Held, MSPA, COPA | Lawrence C. Starr, CPC, QPFC |
| Lanning R. Hochhauser, Esq., APM | Chris L. Stroud, MSPA, COPA |
| Richard A. Hochman, Esq., APM | Peter K. Swisher, CPC, QPA |
| Craig P. Hoffman, Esq., APM | George J. Taylor, MSPA, COPA |
| Al Holifield, Esq. | Monika A. Templeman, Esq. |
| James E. Holland, Jr. | CariAnn J. Todd |
| R. Bradford Huss, Esq., APM | Sal L. Tripodi, Esq., APM |
| Kenneth G. Ingham, MSPA, COPA | Natalie D. Vaughn, CPC, QPA |
| J. Mark Iwry, Esq. | Amy Viener |
| Karen A. Jordan, CPC, QPA, QKA | Sean M. Waters |
| Joyce I. Kahn | S. Derrin Watson, Esq., APM |
| Douglas O. Kant, Esq. | Janice M. Wegesin, CPC |
| Robert M. Kaplan, CPC, QPA | Fil Williams, Esq. |
| | Clifford J. Woodhall, MSPA, COPA, CPC |
| | Andrew E. Zuckerman, Esq. |

Chart a Path to Target Date Fund Selection with a Fiduciary Process

by Glenn A. Dial

Since last year's market downturn, when many investors close to retirement experienced steep losses, target date funds have come under scrutiny, leading many decision-makers to question their selection.

Amid the controversy, one key theme has emerged: the importance of an effective fiduciary process that allows decision-makers to identify the target date funds that are appropriately aligned with the goals and needs of the plan, as well as the behavior of the plan's participants.

To evaluate target date funds properly, decision makers should connect the plan's goals and objectives to the appropriate target date philosophy.

Using a process to properly assess different target date fund "philosophies"—particularly the funds' underlying asset classes and exposure to equities near retirement—is necessary because sponsors have significant views on appropriate levels of risk that they're willing to take with their program, as well as a preferred level of diversification. If target date fund selection is not appropriately aligned with these views, sponsors may unintentionally expose participants to higher than necessary levels of risk that can affect eventual outcomes—a point clearly demonstrated during the most recent market downturn.

What are Target Date Funds?

Target date funds include a target retirement date that represents the approximate point in time when investors plan to start withdrawing their money. Generally, the asset allocation of each fund will change on an annual basis, with the asset allocation becoming more conservative as the fund nears the target date. The principal value of the fund(s) is not guaranteed at any time, including at the target date.

Target Date Selection: No "Apples to Apples" Comparison

Evaluating the differences among target date fund strategies, however, can be challenging for decision-makers. Target date funds have different "philosophies." Unlike traditional funds, which fall into categories according to market cap or



style (large, mid and small cap, value, core and growth), target date strategies are actually asset allocation strategies that cannot be categorized within a Morningstar style box.

Even the industry's previous efforts to categorize or "name" these funds according to date—2010 Funds, as an example—may have been confusing for many decision-makers; among the entire category of 2010 strategies, the underlying asset allocation strategies and level of equity exposure can vary dramatically.

A Fiduciary Process Ensures Appropriate Selection

The author recommends a documented process that can help fiduciaries effectively evaluate the most appropriate funds for their plans and their participants.

Defining plan goals and participant needs.

Start by determining the plan's objective in relation to participants' account balances; is it to minimize downside risk and the effects of market volatility

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Sponsors can help participants achieve retirement savings goals by comparing fund glide paths and determining the appropriate level of risk exposure for participants as they approach retirement.

at retirement, or to maximize participants' savings through their lifetimes? This decision will determine the level of equity allocation in the five to ten-year periods prior to retirement—a critical factor to achieving projected outcomes.

Analyzing participants' behaviors and workplace demographics.

Participants' savings and investment behavior—including the frequency with which they take loans, the amount of their contributions and levels of their withdrawals—can also impact the volatility their investments experience. Does the plan consist of participants' with ideal savings behaviors, or those with erratic or less than ideal behaviors when it comes to saving and investing? This determination will influence whether the appropriate philosophy should be to focus on managing the downside risk of the investment selection, or on maximizing upside return potential. These are two extremes, but ultimately there will be a bias in either direction.

Defining the plan's approach to participants' risk tolerance.

Glide paths can differ widely among funds, even in the crucial five to ten-year period leading up to target retirement date; the level of equity among the 45 or so 2010 mutual funds varies anywhere from 20% to 65%. Sponsors can help participants achieve retirement savings goals by comparing fund glide paths and determining the appropriate level of risk exposure for participants as they approach retirement.

Determining the role, and appropriate level of diversification.

Sponsors will need to understand the trade-offs between maximizing returns versus managing volatility—particularly during the five to ten-year period prior to retirement—by considering solutions that may be effective at achieving comparable returns while minimizing excess volatility approaching participants' retirement. Depending on their goals, they will need to assess their preferences for a more limited approach to diversification—or a desire to access a broader opportunity set that incorporates extended and alternative asset classes in an attempt to generate appropriate risk-adjusted returns.

Analyzing and comparing specific fund families.

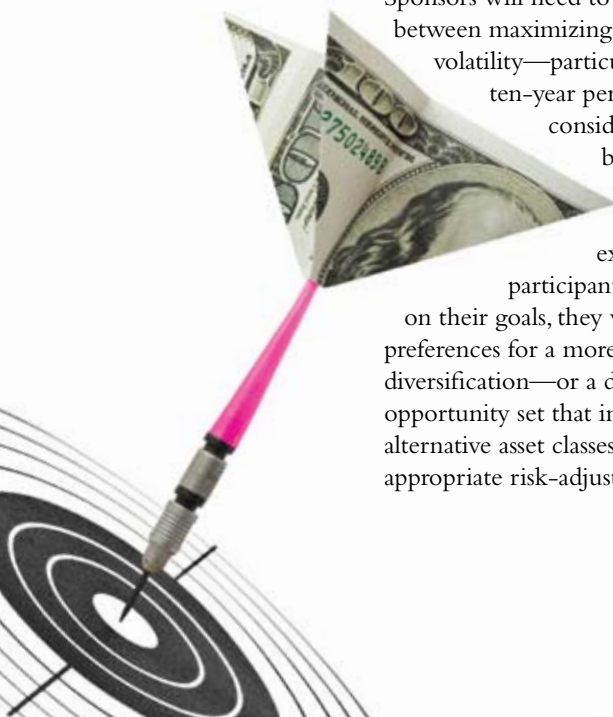
Having narrowed the number of target date funds to a smaller list that is more closely aligned with the particular needs and goals of the plan and its participants, the plan's fiduciaries can then engage in the traditional quantitative and qualitative investment analysis. By comparing target date funds whose approaches most closely align with their preferences, fiduciaries are better prepared to select a particular suite of target date funds.

Evaluation Tools Can Provide a Framework for Target Date Fund Selection

Advisors can play key roles in helping their plan sponsor-clients evaluate the appropriate target date funds and fulfill fiduciary obligations with tools that provide an evaluation framework to guide sponsors through the process of assessing and documenting their plans' goals and objectives and determining which target date funds are best aligned with those views.

Ideally, the most effective tools consist of an evaluation framework that includes dialogue and questions designed to help decision makers assess plan goals, participants' behaviors and preferences on risk and diversification. Based on their answers to these questions, sponsors are guided to the appropriate target date types. One such methodology uses a "compass" consisting of four quadrants corresponding to different target date types. Once they are "plotted" within one of the four quadrants, sponsors can compare the appropriate funds and narrow their selection to those funds most closely aligned with plan goals.


Recognizing that plan sponsors have varying views on their plan's goals, objectives and participant dynamics, target date evaluation tools should be designed to provide decision makers with an objective framework and view of the target date mutual fund universe to help them identify funds that best align with their needs. For example, when using the "compass method," plan sponsors who place themselves in the northwest quadrant of the compass will find themselves sharing a similar philosophy to those target date funds falling in the northwest quadrant. In contrast to the other quadrants, which have either or both higher equity exposure at retirement and less diversification, funds in the northwest quadrant of the compass are designed to manage downside risk at the point of retirement (*i.e.*, manage to retirement) and employ broader diversification with the goal of potentially increasing risk-adjusted returns—usually through diversification to extended asset classes. The funds in the northwest quadrant of the compass also align



closely with the behavior of more than 80% of participants who begin lump sum withdrawals from their savings plans when they retire.¹

Rely on a Process to Help Ensure Optimal Outcomes

Up until now, many decision-makers have focused on making target date selection decisions based on quantitative factors such as the performance and fees of funds on the recordkeepers' platform. Yet, last year's market downturn emphasized the importance of going beyond those factors to a more holistic approach—including a fiduciary process and evaluation framework—that takes into account the goals and objectives of the plan, specifically its approach to risk and asset class diversification. This process can help ensure the appropriate selection of target date funds and may also help ensure optimal numbers of participants cross the retirement "finish line."

If decision-makers fail to utilize a fiduciary process and appropriate evaluation framework to express the plan's and participants' views, sponsors may continue to expose participants to significant losses, particularly at the crucial point when they need these assets the most—the five to ten-year period leading to retirement. 



Glenn A. Dial is vice president at J.P. Morgan Asset Management, which provides the Target Date Compass tool for evaluation of target date funds. Glenn is a member in the firm's Investment Only-Defined Contribution (IODC) distribution channel.

An employee since 2006, Glenn covers sales management responsibilities for IODC wholesalers. Before joining the firm, Glenn held senior management positions with Merrill Lynch, Ceridian and ADP. He has been in the retirement plan industry since 1989 and speaks extensively at national retirement plan venues such as ASPPA, SPARK, Pension and Investments and Center for Due Diligence. Glenn holds an Accredited Investment Fiduciary (AIF) designation from the Center for Fiduciary Studies, a PLANSPONSOR Retirement Professional (PRP) from PLANSPONSOR Institute and FINRA Series 7, 26 and 63 licenses. glenn.a.dial@jpmorgan.com

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¹ Source: DSG study, Capturing and Retaining Rollover Assets at the Retirement Inflection Point, July 2008



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Should You Be Trustee of Your Corporate Retirement Plan?

by James T. Comer

ERISA requires that “all assets in a qualified employee benefit retirement plan shall be held in trust and be managed by one or more trustees.” This issue begs the question of whether a plan sponsor should accept this trustee responsibility or hire an institutional trustee.

What role does the trustee play, what fiduciary duties and responsibilities are involved, and what happens if a plan sponsor who decides to self-trustee their plan does something incorrectly?

Trustee Responsibilities

The trustee has the “exclusive authority and discretion” to manage plan assets, except for situations where:

- the named fiduciary or trustee of the plan delegates authority over the investment and management of the plan assets to another investment manager; or
- plan assets are subject to “direction” from another plan fiduciary as is expressly provided under the terms of the plan document.

Roles and Duties of Qualified Plan Trustee:

- Administer the plan according to the documents and instruments governing the plan;
- Administer the plan for the exclusive benefit of participants and beneficiaries;
- Act in the best interest of plan participants and beneficiaries and solely in their interest;
- Avoid breaches of fiduciary duty, conflicts of interest and prohibited transactions;
- Diversify plan assets to minimize large losses; and
- Value plan assets at least annually at fair market value.



Who Should Be Trustee?

Many corporations and businesses allow individuals to self-trustee their plan and then engage outside organizations such as banks and investment advisors to take responsibility for some of their duties. These “third party” firms may either serve as a “discretionary” trustee or as a “directed” trustee. The plan or trust document will normally specify in what capacity the trustee is serving and what duties and responsibilities have been handed off to another organization. It is important for companies who self-trustee their plans to read service provider contracts closely and be aware of the job duties, the liabilities assumed and general terms charged to either a third party recordkeeper who would provide administrative services, an investment advisor who may or may not act as a fiduciary or other institutional trustee.

A “discretionary” trustee has full control and authority over the plan assets and thereby could assume all responsibilities and potential liabilities from the investing of those assets as a 3(38) fiduciary or 3(21) fiduciary.

A “directed” trustee normally relinquishes control and authority over the plan assets to another named fiduciary and follows the instructions given to it by the named fiduciary (this could be an individual, the employer, retirement committee, etc.). Most plan and trust documents are drafted to clearly outline that the trustee is a “directed” trustee. In this instance, the trustee’s primary responsibility is to custody assets, and investment decisions are made by another party.


Generally, the directed trustee’s day-to-day role is primarily ministerial rather than fiduciary. Therefore, it is important that the plan sponsor ensure that other fiduciary duties are fulfilled, such as:

- develop a retirement or investment committee to act in the best interest of participants and beneficiaries and ensure that the committee keeps written records of decisions made and the process used to make those decisions;
- creation of an Investment Policy Statement (IPS) that is actively used to review and, if necessary, replace investments;
- development of an understanding of what 404(c) means and what protection it provides;
- ensuring that contributions are deposited to the trust in a timely manner;
- monitoring all service and provider contracts and ensuring costs are reasonable;
- following the terms of the retirement plan document and trust agreement; and
- identification of all plan fiduciaries and making certain they accept and understand their roles.

Considerations of using an institutional trustee should be weighed on a cost/benefit ratio and, where appropriate, either a “directed” or “discretionary” trustee selected or an individual who is qualified and willing to act as a trustee and fiduciary to the plan. Some of the advantages of an institutional “trustee” are:

- reductions in possible conflicts of interest;
- fiduciary responsibility may be distributed more broadly;
- distribution and loan payments with required DOL and IRS tax and notification forms;

- transfer of encrypted data, Privacy Act compliance and Patriot Act compliance, where necessary; and
- plans requiring an independent audit may find engaging an institutional trustee lowers audit fees.

As in most cases, reading the service agreement(s) is paramount in selecting an institutional trustee or in seeking tax or legal advice. 



James T. Comer, III is president of the Alliance Benefit Group Carolinas, LLC, which services more than 950 clients throughout the southeast. Jim started his career with Jefferson Pilot Life Insurance Company, focusing on employee benefits and estate planning, and he attained the CLU designation in 1978. In 1981, he formed J.T. Comer & Associate, Inc. as a pension administration and actuarial firm headquartered in Charlotte. His organization was sold to The Dun & Bradstreet Corporation in 1986 and Jim continued to run that organization and grow it to serve more than 7,600 retirement plans throughout the United States with nine offices. In 2001, Jim purchased the pension administration division of Cherry, Bekaert & Holland CPAs and then formed ABG Carolinas. Jim currently serves on ASPPA’s Membership Development Committee and The ASPPA Journal Committee. (jcomer@abgcarolinas.com)



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2009 Harry T. Eidson Founders Award

At the 2009 ASPPA Annual Conference, ASPPA honored longtime member Samuel J. Savitz, MSPA, CPC, with the 2009 Harry T. Eidson Founders Award. Established in 1995 to honor the memory of ASPPA's founder, Harry T. Eidson, the award acknowledges individuals who have made significant contributions to ASPPA and/or to the private pension system.

Sam Savitz certainly qualifies on both levels. Sam is an original founding member of ASPPA, serving as its president in 1972. Throughout his business career, Sam's principle interest has been corporate retirement planning, a subject on which he has written extensively and lectured throughout the country.

"It is fitting that we honor one of ASPPA's founding members with the Eidson Founders Award," said 2009 ASPPA Senior Vice President, Thomas J. Finnegan, MSPA, CPC, QPA. "Both Harry Eidson and Sam Savitz were men of vision and accomplishment. Their efforts paved the way for ASPPA to grow into the prominent organization that it is today."

Sam holds the Member, Society of Pension Actuaries (MSPA) and Certified Pension Consultant (CPC) credentials from ASPPA. He served on the ASPPA Board of Directors and his testimony before the US House and Senate labor committees elevated the stature of the organization, which paved the way for its inclusion among and collaboration with the four other US actuarial organizations.

Sam's leadership led to the transformation of the ASPPA Annual Conference into the well-attended yearly event that it is today. As Sam relates, "The very first ASPPA conference that I attended was held in Decatur, IL. That conference was accompanied by a harsh Illinois snow blizzard, and the modest turnout of fewer than 100 people was as depressing as the weather. That setting starkly contrasts with this year's mild November weather and an exponentially larger attendance in a much more attractive setting. This much larger attendance is a testament to the vision of a small group of "founders" who recognized ASPPA's potential, and it represents the fulfillment of their objective of professionalizing the pension industry by



providing education to its practitioners—a mission that ASPPA continues to pursue more than 40 years later, with an impressive array of accomplishments to show for it."

Sam is founder and chairman of The Savitz Organization, a Philadelphia-based actuarial and employee benefits consulting firm. Established in 1965, it ranks among the largest such firms in the nation. Sam served on the boards of such institutions as the Philadelphia Orchestra, the Pennsylvania Academy of

Fine Arts, the Mann Center for the Performing Arts, the Kimmel Center for the Performing Arts, Peter Nero and the Philly Pops, the National Liberty Museum, the National Museum of American Jewish History and the Foreign Policy Research Institute.

Sam and his lovely wife, Selma, share their love of music with their three children and a circle of grandchildren. An award-winning volunteer herself, Selma is the conductor for the New Horizons Glee Club, whose performances bring joy to senior citizen centers and others of an immobile society. Justifiably proud, Sam praises Selma for her support and understanding of the countless nights that he spent at the office developing the practice, and on the many occasions that he was out of town pursuing ASPPA-related business.


During his senior year of undergraduate school, Sam became intrigued with the country's private pension system and wrote a term paper on the subject. Impressed by this paper, his professor persuaded Sam to apply for a fellowship that was offered by the Wharton School of Business. Sam subsequently learned that a condition of the fellowship was teaching for two years following the completion of the program. Planning marriage that summer and in dire need of a source of income to satisfy his education

debts, Sam declined the fellowship. This same mentoring professor arranged an interview with a major Philadelphia-based insurance company that was in the midst of organizing a pension department. Thus, in 1957, Sam's career in the pension industry was launched.

Although he started in the pension actuarial department, it was not long before Sam veered from the actuarial phase to consulting, concentrating on the legal and tax side of retirement planning. Following his departure from the home office, he was employed by a regional insurance brokerage firm to create a pension consulting subsidiary. Several years later, he acquired that subsidiary, which created the nucleus of what would ultimately become The Savitz Organization.

Concentrating on the consulting phase of retirement planning, with emphasis on legal and tax matters, Sam leveraged the expertise that he acquired to innovate new concepts built upon old ones—such as a “target plan” before they were so named, and “cash-deferred” profit sharing plans, the predecessor to 401(k) plans. Innovation was possible because so little codified pension law existed at that time.

Exploring the application of these innovations and publishing correlated articles is how ASPPA and its founder, Harry Eidson, found him.

Eidson's belief in the importance of a private pension system in the United States and in having an organization dedicated to preserving and enhancing such a system was the inspiration for the formation of ASPPA in 1966. When limitations on actuarial practices emerged, Sam, along with a small group of others, worked with Harry Eidson on major legislation efforts prior to congressional testimony. Subsequently, Sam was invited to the ASPPA Board of Directors meeting in New Orleans, which culminated in an invitation to serve on the ASPPA Board of Directors. As Sam related in his acceptance speech, “During ASPPA's incubation period, I had the privilege of working with Harry Eidson and observing the passion with which he labored in transforming ASPPA from a vision to a viable entity...and were he with us today, I'm certain he'd be brimming with pride, but I assure you...pride no greater than what fills me in having been selected as this year's recipient of the award named in Harry Eidson's honor.” 

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Latest Addition to ASPPA's Board of Directors

by Troy L. Cornett


Kyla M. Keck, CPC, QPA, QKA, has been elected to ASPPA's Board of Directors and will serve a first full term expiring in 2012.

Kyla Keck is CEO and an owner of Retirement Plan Consultants, Inc. in Knoxville, TN. Kyla earned her BA from the University of Tennessee with a major in History and a minor in Mathematics. She has subsequently earned her Certified Employee Benefit Specialist credential from the Wharton School of Business and the IFEBP as well as her CPC, QPA and QKA credentials from ASPPA. Kyla currently serves on the committee for the 2009 ASPPA Annual Conference, the Continuing Education Subcommittee of the Education and Examination Committee, and is incoming Vice Chair of the National Conferences Committee.

Kyla has worked for more than 25 years in various areas of the retirement industry, including trust, third party administration,

software programming and human resources, beginning her career with Boone & Company, Winston-Salem, NC.

Kyla is married to J. Ashley Burrell and at last count they have one daughter, three sons, two cats, two dogs, one horse and a long-lived fighting beta fish. Kyla's hobbies include vocal and instrumental sacred music (Ashley is a church organist), reading British mysteries and American history and keeping up with her family.

In addition to the new member on ASPPA's Board of Directors, Mark K. Dunbar, MSPA, and Laura S. Moskwa, CPC, QPA, have been elected to serve a second full term. 



Troy L. Cornett is the Office Manager and Board of Directors Liaison for ASPPA. He is also the Production Manager and Associate Editor of The ASPPA Journal and manages the human resources functions for the ASPPA staff. Troy has been an ASPPA employee since July 2000. (tcornett@asppa.org)

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2009 Edward E. Burrows Distinguished Achievement Award Presented to Joan A. Gucciardi

by Stephen H. Rosen, MSPA, CPC

The ASPPA College of Pension Actuaries (ACOPA) presents the Edward E. Burrows Distinguished Achievement Award annually to a pension actuary who has set an example for other pension actuaries. This award honors an actuary who excelled in promoting ethics, education, beneficial legislation or regulations (or such other actions as the selection committee deems appropriate) to enhance the private pension system, or the professionalism of enrolled actuaries within the private pension system. Ed Burrows was a beacon in this regard and ACOPA continues to honor him by presenting an award that recognizes those who follow his path and lead by his example. The first recipient of the award, in 2008, was Ed himself.

At ACOPA's Actuarial Symposium that was held last August in Chicago, IL, this prestigious award was presented to Joan A. Gucciardi, MSPA, CPC, an individual who clearly exhibits all of the above-mentioned attributes. Joan is not new to prestigious awards. She was the recipient of ASPPA's Educator's Award in 2002 in recognition of the many years of teaching, lecturing and authoring that reflect Joan's deep-rooted passion for the profession. Her volunteer career with ASPPA has spanned numerous committees and task forces, including the Board of Directors and Executive Committee.

Joan is a senior consulting actuary at Summit Benefit & Actuarial Services, Inc. located in Eugene, OR and Wauwatosa, WI. She received an Honors Bachelor of Science in Mathematics from Marquette University. She has been an enrolled actuary under ERISA since 1976. She has co-authored *The 401(k) Answer Book* (1992), *5500 Preparers' Manual* (1993-2001), *The Pension Distribution Answer Book* (2010), *The Plan Termination Answer Book* (2009) and *The Pension Answer Book: Special Supplement: Cash Balance Plans* (2003). She is co-Editor-in-Chief of *The Journal of Pension Benefits* (Panel Publishers, 1993-2009). She served on the Advisory Board for the Employee Benefits Graduate Program at John Marshall Law School in Chicago, IL. Her professional designations include MSPA, MAAA, COPA, CPC, CLU and ChFC. She is a former president of the Wisconsin Retirement Plan Professionals, Ltd.



Joan Gucciardi and her father, John Gucciardi, proudly display her award.

Beyond Joan's admirable credentials, for the many of us who have been touched by her professionally, Joan's ever-calm demeanor compliments her passion for enhancing the private pension system. Her tireless commitment to professionalism is a tribute to Ed's legacy. Thank you, Joan, for that contribution. And congratulations for a career well done! 🚀



Stephen H. Rosen, MSPA, CPC, is the president of Stephen H. Rosen & Associates, Inc. in Haddonfield, NJ and senior vice president of business development for National Investment Managers, Inc. in Dublin, OH. He is a Past President of ASPPA and has served on numerous committees in various capacities for more than 35 years. Steve was honored to be appointed the first Chair of the Edward E. Burrows Distinguished Achievement Award Committee, which will continue to be responsible for coordinating this award for the ASPPA College of Pension Actuaries (ACOPA) in the future. (srosen@shrosen.com)



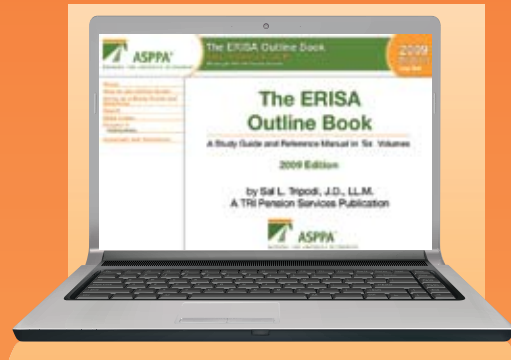
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Stephen Dobrow Receives President's Award from the Society of Actuaries

by Troy L. Cornett

2009 ASPPA President Stephen L. Dobrow, CPC, QPA, QKA, QPFC, was awarded the President's Award from Society of Actuaries (SOA) president Cecil D. Bykerk at the SOA Annual Meeting in October 2009. The award is issued by the SOA president to acknowledge extraordinary contributions to the SOA and the actuarial industry.

Mr. Bykerk cited Stephen's service as ASPPA President and long time ASPPA volunteer, his service as an integral member of the North American Actuarial Council, his contributions as a member of the Council of US Presidents, as well as his efforts as a Special Director of the American Academy of Actuaries. He noted that Stephen will be the last non-actuary to serve on ASPPA's behalf in these positions, as ASPPA's inter-societal relationships will now be maintained by ASPPA College of Pension Actuaries (ACOPA) representatives.

Mr. Bykerk noted, "Stephen's involvement and influence went beyond what was expected of our colleagues. We found much value in the perspective of a non-actuary and Stephen's voice was heard regularly on a variety of topics. At all times he was helpful and engaging and added to the strategic direction of our societies, and his effort was above and beyond what was expected from our presidents. The SOA has benefited greatly from his involvement and enthusiasm."

When accepting the award, Stephen mentioned, "Upon becoming involved with the actuarial leadership, I was surprised by two things. First, that I was warmly welcomed and that the other actuarial leaders were open-minded and considerate of different points of view, and that those points of view are valued. Secondly, I became pleased by the deepness of the relationships that were created as a result of the leaders working together. These extraordinary relationships, which have been expanded to include my spouse and the spouses of the other presidents, will be life-long and are highly valued. Who would have thought that we would all become the best of friends?"

Stephen also cited his work in regard to inter-society collaboration as the most fulfilling. "The actuarial industry is in good hands. The leaders are committed and very talented. We will withstand coming changes and become even better at accomplishing our mission. It is with great humility and honor that I accept this award. Thank you for the opportunity to be of service." ▀



Cecil Bykerk presents Stephen Dobrow with the SOA President's Award.



Troy L. Cornett is the Office Manager and Board of Directors Liaison for ASPPA. He is also the Production Manager and Associate Editor of The ASPPA Journal and manages the human resources functions for the ASPPA staff. Troy has been an ASPPA employee since July 2000. (tcornett@asppa.org)



ASPPA's Year Ahead and You

by Sheldon H. Smith, APM

ASPPA has become a multi-faceted professional society. All of us work in a complex and heavily regulated arena that is constantly changing. ASPPA's challenges include its ability to make certain that our members, engaged in all of the many disciplines in our regulated environment, are well-served. It is the intention of all ASPPA members to provide services that assure that the employer-based retirement system operates as well as possible in the face of its complexity and dynamism.


We pursue the Society's core purpose in a myriad of different ways. That purpose is "to educate all retirement plan professionals and preserve and enhance the employer-based retirement system." Through ASPPA's universally well-regarded Education and Examination (E&E) programs, we offer not only the opportunity to learn and keep current, but we also provide credentials and certifications that are highly respected in the employee benefits world. ASPPA now offers 14 conferences annually in many different locations. The primary objective of our conferences is to offer timely continuing education. ASPPA offers a number of webcasts, electronic educational materials and printed educational materials. The value of all of these educational opportunities cannot be overstated, and ASPPA is dedicated to making certain that its educational opportunities are timely, contain the most up-to-date information and that ASPPA education is presented in ways, both electronic and traditional, that our membership desires.

ASPPA's governmental affairs activities, especially in times like these when there is so much misunderstanding and misinformation about the employer-sponsored retirement system, are critical to fulfilling the second component of the Society's primary purpose. With numerous exceptional professional and volunteer participants in government affairs, ASPPA will continue to be an industry leader in helping to shape policy, legislation and regulation in the challenging year ahead.

Notwithstanding ASPPA's strong position in meeting its core purpose, the Society cannot continue to achieve success without the participation and input of its membership. This year will prove to be a critical one in terms of possible material change to the retirement system. The recession and its impact on the economic ability of many Americans to retire comfortably is a matter of national concern. The reaction of legislators and regulators, academics and columnists, pundits and ordinary citizens to this concern often demonstrates a lack of knowledge and understanding of the system and the value it has provided to the American worker since the adoption of ERISA more

than 35 years ago. Of course, there are parts of the system and ERISA itself that can be improved. ASPPA has continuously attempted to work within the system to improve it. Now, however, maybe more than ever since the adoption of ERISA on Labor Day 1974, our members will have to be engaged locally and nationally in the debate that is likely to ensue.

I would encourage you to become familiar with all of the issues that apply to the upcoming debate, to become conversant in understanding them and to be ready to support the employer-based retirement system in your local community by educating your co-workers, your clients and their employees, your local politicians and your local educators and students. The employer-based retirement system has proven to be a very effective and protective arrangement for the American worker. It allows a worker to retire with dignity and economic viability in spite of the volatility of the world's markets. It is not a perfect system and certainly can be improved, and ASPPA will work diligently to that end in the coming year with your help.

Using ASPPA's educational resources and participating as a volunteer in ASPPA's efforts to strengthen the employer-based retirement system will provide you with a strong sense of personal and professional satisfaction. You will be part of an effort to enhance the quality of retirement for all Americans. Please contact me or any of the co-chairs of ASPPA's committees to indicate your desire to volunteer if you are not already involved. If you have ideas to share that you believe should be considered in the upcoming debate and/or considered by ASPPA, please send them to me. I look forward to working with you in what portends to be a most interesting and challenging year. 

.....

Sheldon H. Smith is a partner in Holme, Roberts & Owen LLP's Compensation and Benefits Group. Since 1980, Sheldon had been a member of either the adjunct or visiting faculties of the University of Denver College of Law. Sheldon has been a member of the Western Pension & Benefits Conference since 1986 and has served as its president and as president of the Denver Chapter. He is currently President of ASPPA and is a member of its Executive Committee and Board of Directors. Sheldon is also the president of the Colorado Regional Cabinet of Washington University in St. Louis. Sheldon is a fellow of The American College of Employee Benefits Counsel and has been selected to "Chambers USA—America's Leading Lawyers," "The Best Lawyers in America," "Who's Who in American Law," "Who's Who in American Education" and named as a Colorado Super Lawyer. Sheldon is admitted to practice before the Colorado Supreme Court, the United States District Court for the District of Colorado, the United States Tax Court, the Tenth Circuit US Court of Appeals and the Seventh Circuit US Court of Appeals. (sheldon.smith@hro.com)

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- **Retirement Plan Fundamentals - Part 2 (RPF-2) Webcourse**
Presented by Ilene H. Ferenczy, J.D., CPC
- **Defined Benefit (DB) Webcourse**
Presented by Michael L. Bain, ASA, EA, MAAA

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Presented by Charles J. Klose, FSPA, CPC
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Profile on EPIC Advisors, Inc.

by Sarah Simoneaux, CPC

EPIC Advisors, Inc., a retirement plan services provider and recordkeeper in Rochester, NY, believes in the importance of education for all aspects of its retirement plan business. When Jean Dailey, EPIC's senior manager in charge of training, first came to the firm, EPIC's leadership tasked her with finding the best program for retirement plan education and credentialing. Jean notes, "With such a strong commitment to employee education, we had to find the best education program for EPIC's staff. As we researched the alternatives, we realized that the best program was ASPPA's." Jean was speaking from experience, as she holds the CPC, QPA, QKA and QPFC credentials with ASPPA.

EPIC began utilizing ASPPA's education and credentialing programs in 2000. The firm currently has 75 employees, 29 of whom are credentialed. EPIC requires all new hires to complete the Retirement Plan Fundamentals program (RPF-1 and RPF-2 examinations). ASPPA credentials are specifically required for the compliance group personnel, who must achieve at least their QKAs within two years. Although they currently have an internal QKA study group that tackles a chapter of the study material each week, the firm is planning to review ASPPA's new webcourse series to supplement existing study materials.

EPIC has recently started a study group for the PFC-1 and PFC-2 examinations (required to attain the QPFC credential). Encouraging the QPFC credential for its advisors and relationship managers is a natural outgrowth of EPIC's commitment to education for its operational and compliance areas. EPIC feels that QPFC-credentialed employees can best deliver the message to employers of the need for fee transparency, fiduciary compliance and consultative plan design. Manny Marques, CPC, QPA, QKA, QPFC, EPIC's senior manager of client services and a recent QPFC designee, points out the value of studying for the QPFC credential, "The QPFC program is excellent at helping advisors understand the financial aspects of qualified retirement plans, and it is especially good at combining investment and plan design concepts. ASPPA's QPFC is the ideal program to move investment-oriented employees into a consultative advisory role."

Although EPIC's mainstay is 401(k) plans, its book of business also includes 403(b), 457 and non-qualified plans. As a result, 13 EPIC employees recently participated in a study group for ASPPA's Tax-Exempt & Governmental Plan Administration course (TGPC-1) to prepare for the 2009 TGPC-1 examination. It is anticipated that an additional study group will be formed in spring 2010 to prepare for the TGPC-2 examination. (Editor's Note: Completion of RPF-1, RPF-2, TGPC-1 and TGPC-2 examinations qualify candidates for ASPPA's Tax-Exempt & Governmental Plan Consultant credential—TGPC.)

Jean and Manny both point out the importance of EPIC's leadership support for ASPPA education and credentials. The company provides a generous budget for education, reimbursing for study materials and passed examinations. The firm also gives bonuses when employees pass examinations and awards salary increases for those who earn ASPPA credentials. In addition to supporting ASPPA's credentialing programs, EPIC employees also attend ASPPA conferences, ASPPA webcasts and utilize *The ERISA Outline Book* by Sal L. Tripodi, APM, that is published and distributed by ASPPA.

EPIC's commitment to education has directly impacted the firm's bottom line—client surveys consistently cite EPIC's consultative skills at all employee levels as one of the reasons for doing business with the firm. Despite the economic downturn over the last two years, EPIC's client base has continued to grow. "Plan sponsors and institutions will always do business with a knowledgeable, consultative service provider," notes Manny, "and ASPPA's programs have helped us to remain competitive even in an extremely difficult market."



Sarah L. Simoneaux, CPC, is president of Simoneaux Consulting Services, Inc., located in Mandeville, LA, a firm offering consulting services to for-profit companies providing retirement services and to non-profit organizations. Sarah also provides consulting through Simoneaux & Stroud Consulting Services, specializing in business

planning, business consulting, professional development, industry research and customized skill building workshops. She has worked in the employee benefits industry since 1981. Sarah was formerly vice president of Actuarial Systems Corporation (ASC). Prior to her position at ASC, she was a partner in JWT Associates, a qualified plan consulting firm in Los Angeles, CA. Sarah has volunteered her services in various capacities to assist ASPPA, and she served as the 2005-2006 ASPPA President. She currently works with the ASPPA Education and Examination Committee and she authored a book for the Qualified Plan Financial Consultant credentialing program. Sarah earned her Certified Pension Consultant (CPC) credential from ASPPA in 1988. (sarah.simoneaux@scs-consultants.com)



ASPPA PAC Evolving in 2010!

by Yannis P. Koumantaros, QPA, QKA

The ASPPA Political Action Committee (PAC) is more important than ever to ASPPA's advocacy on your behalf and on behalf of all qualified plan participants, sponsors and service providers.

This Congress is tackling a legislative agenda of unprecedented breadth, and at an extraordinary pace. Partisan politics, competition for increasingly limited federal resources and a fragile economy are driving more numerous and sweeping legislative initiatives.

Among them, ASPPA anticipates work on:

- **Cross-testing:** Pending legislation would repeal cross-testing, based on a concern about shifting nonqualified deferred compensation into qualified plans. So far, the ASPPA Government Affairs Committee (GAC)—supported by ASPPA PAC—has successfully contested this profoundly bad idea, but we must continue to work on it.
- **Tax reform:** Congress may take up systemic tax reform this year, which will include a close look at the tax benefits of retirement savings.
- **Automatic IRAs:** Congress will likely consider legislation to create automatic IRAs.
- **Defined benefit plan funding relief:** ASPPA is urging Congress to enact defined benefit funding relief as soon as possible this year.
- **Roth treatment of retirement savings:** ASPPA continues to push lawmakers to equalize the current law rule that allows conversion of certain 401(k) account balances to Roth IRAs, without respect to the converter's income. ASPPA is urging lawmakers to permit conversion into Roth 401(k) accounts.

To enable ASPPA PAC to more effectively support ASPPA's advocacy, the ASPPA PAC is proud to announce the following changes:


- **Contribution Benchmarks:** Our emphasis will model the most successful political action committees nationally, and center on current contributions. Specifically, the focus will shift to pledges and contributions made in the current versus past years. For example, contributions made in 2010 and pledges to contribute in

2010 will be recognized in 2010. And contributions and pledges made for 2011 will be recognized in 2011.

The new recognition categories for contributions and pledges in 2010 are:

Presidents Club: \$5,000 **Founders Club:** \$1,000
Executives Club: \$2,500 **Leaders Circle:** \$500

- **Contributor Recognition:** ASPPA PAC will redouble its efforts to publicly recognize and thank contributors. Throughout the year, contributors' names will be prominently displayed on banners at each of ASPPA's major conferences. ASPPA will also list members who contribute to the PAC in issues of *The ASPPA Journal*. In addition, members of the Presidents and Executives Club will be invited to attend an exclusive dinner at the ASPPA Annual Conference, which will include a Member of Congress or key Congressional aide.

We urge you to demonstrate your support to ASPPA PAC, and thus to ASPPA GAC's efforts, today. To make a PAC contribution, please go to ASPPA's Web site at: www.asppa.org/PAC, or feel free to contact Kara Getz, Director of Congressional Affairs, at kgetz@asppa.org or 703.516.9300. Your efforts help us take the message of "Leadership for the Retirement Community" to new heights on Capitol Hill! 



Yannis P. Koumantaros, QPA, QKA, is a principal, director and chief marketing officer of Spectrum Pension Consultants, Inc. He has served on the company's board since 2003 and is responsible for the firm's business development. Yannis is affiliated with ASPPA, NIPA, SPARK and NAACI, and he served on the Charles Schwab Trust Company Advisory Board. His retirement plan marketplace knowledge has contributed to such media sources as SmartMoney magazine and FundAdvice.com.
ykoumantaros@spectrumpension.com

GAC Corner

ASPPA Government Affairs Committee Comment Letters and Testimony since August 2009

October 20, 2009

ASPPA President Stephen L. Dobrow, CPC, QPA, QKA, QPFC, responded to a *USA TODAY* article expressing concerns about the effectiveness of 401(k) plans as retirement savings vehicles.
www.asppa.org/document-vault/pdfs/GAC/usa-today.aspx

October 14, 2009

ASPPA and ACOPA submitted comments to Treasury and IRS regarding possible DB(k) issues in need of guidance.
<http://prod-pres.asppa.org/document-vault/pdfs/ACOPA/1014reg.aspx>

October 1, 2009

Mark A. Davis, QPFC, vice president and financial advisor of CAPTRUST Financial Advisors, testified on behalf of NAIRPA before a hearing held by the House Ways & Means Committee titled, "Defined Benefit Pension Plan Funding Levels and Investment Advice Rules."
<http://prod-pres.asppa.org/document-vault/pdfs/nairpa/davis.aspx>

August 25, 2009

ASPPA President Stephen L. Dobrow, CPC, QPA, QKA, QPFC, responded to a *New York Times* editorial proposing changes to 401(k) plans.
www.asppa.org/document-vault/pdfs/mediaroom/LTENY082509.aspx

August 17, 2009

ASPPA submitted comments to the IRS with regard to proposed regulations that would permit sponsors of 401(k) plans to suspend or reduce safe harbor nonelective contributions during a plan year. The proposal responds to ASPPA's comment letter filed on February 20, 2009 asking for relief.
<http://prod-pres.asppa.org/document-vault/pdfs/gac/2009/letter-817.aspx>

For all GAC filed comments, visit www.asppa.org/comments.

For all GAC testimony, visit www.asppa.org/testimony.

ABC of the Great Northwest— What a Year It has Been!

by David S. Rowe, CPC, QPA, QKA

Aside from the challenges of the housing bubble burst, credit meltdowns and cries for the retirement of the 401(k), the ASPPA Benefits Council (ABC) of the Great Northwest has established new footings.

I am pleased to report that our call for ABC board volunteers was met and there continues to be room for additional leadership and creativity. Here's a summary of where we have been, where we are now and where we're going.

After founding the ABC of the Great Northwest, Greg Rund has decided to immerse himself in Vitamin D (*i.e.*, sunshine) during our rainy winters and hit the links during our glorious summers. Greg has provided outstanding leadership over many years and most of his founding ABC board members continue to serve today. Proudly, due to Greg's leadership, the ABC of the Great Northwest is recognized as a leading organization for providing in-depth, technical analysis on retirement plan issues for an expanding audience of pension professionals and actuaries. So, what exactly is expanding?

For starters, we have several new ABC board members:

- Kirsten Curry, from Rains Plan Group (no, not referring to our weather!), joined the ABC board as our new legal program chair (hint, hint...).
- Bala Kodungudi from Moran & Associates joined the ABC board as a member at large.
- Yannis Koumantaros, QPA, QKA, from Spectrum Pension Consultants, joined the ABC board as a member at large.
- David Mann, QPA, QKA, from Prudential Financial, joined the ABC board as its logistics chair.

Legacy board members include:

- Jim Huffine, from Administrative Services, Inc., continues as the ABC's treasurer.
- Jeff Roberts, CPC, from ADP Retirement Services, continues as the ABC's membership chair.
- David Rowe, CPC, QPA, QKA, from Prudential Financial, is the ABC's new president and continues as ABC liaison.
- Colin E. Southcote-Want, MSPA, from Albion Actuarial Consulting, continues as the ABC's actuarial program chair.

The additional leadership made our ABC's 2009 Annual ERISA Update, held in October, a wonderful success! Several highlights come to mind. For instance, we:


- Introduced and offered eight hours of continuing education (CE) credits for insurance and legal professionals in addition to ASPPA CE credits;
- Provided diverse and insightful perspective on a host of current issues with the very talented Adam C. Pozek, QPA, QKA, QPFC, as our program speaker;

- Enhanced the attendee experience through improved logistics and planning; and
- Remained fiscally sound despite the economic climate.

In addition, in November we held our Annual Actuarial Forum. Among other topics, as a reflection of the sweeping changes that have been occurring in the actuarial field, we had a representative from the IRS to present and discuss the upcoming funding regulations under IRC Code Sections 430 and 436. So what's in store for the future?

Just as our business climate is evolving, so is our ABC board. We will be looking to identify more specific roles for our members at large as well as introducing new roles. For example, we consistently receive feedback about offering more frequent programs. Further, these suggestions come from diverse channels within our industry. Accordingly, we will be looking to continue our traditional programs and introduce new programs within the following tracks:

- Actuarial issues and opportunities;
- Legal issues;
- Third-party administration, compliance and consulting;
- Investment and advisory trends;
- Sales, marketing, industry trends and business networking; and
- Topics of broad interest to all pension professionals.

If you picked up the "hint, hint..." above, you've already figured out where we're headed. So I'm putting out another call to action! If you are interested in leading one of these program tracks, or if you have something else in mind, we have a wonderfully talented and supportive ABC board that will help you succeed. We get it. We're all volunteers. Your success promises expanded presence within the marketplace, exposure to industry thought leaders, professional development and, most importantly, a great experience! 



David S. Rowe, CPC, QPA, QKA, managing director, is responsible for sustaining the growth of Prudential Financial's institutional investment and full-service retirement business in the Pacific Northwest as well as Northern California. A student of the business since 1988, David's broad experience makes him uniquely qualified to help you create valuable outcomes for retirement plan sponsors, fiduciaries and participants.
(david.rowe@prudential.com)

ABC of the Delaware Valley Completes Busy Year with Sales Training, Networking Reception and Ethics Program

by Ken Marblestone

The ASPPA Benefits Council (ABC) of the Delaware Valley was founded with the objectives of assisting its members in keeping abreast of laws and regulations affecting employee benefit plans, improving the knowledge of each member, encouraging its members to have as their ultimate goal the rendering of the best professional services to the public and being the premier retirement benefits organization in the Delaware Valley.

The ABC of the Delaware Valley owes its continued success to the efforts of a group of dedicated professionals who have contributed their time and energy to ensure that the programs provided to our members are plentiful, relevant, varied and timely.

We kicked off the year with a program in February entitled “The Restructuring of the 401(k): Fiduciary Insights on the Third Major Watershed of ERISA,” a thoughtful presentation on the future of the 401(k) industry by Pete Swisher, CPC, QPA, senior institutional consultant for Unified Trust Company.

In March, we sponsored a breakfast roundtable for members only to “Ask the Experts.” This program posted well-respected local practitioners at each table to discuss current issues of interest and to offer potential solutions to problems in a collegial setting.

In May, we hosted an evening networking reception at a Philadelphia restaurant. This reception, which was free to ABC members, provided an opportunity for all local benefits professionals to mingle with their colleagues in an informal atmosphere.

We reassembled in June for a half-day program on “Form 5500—What You Need to Know.” The program, presented by Janice M. Wegesin, CPC, QPA, provided an excellent overview of the changes in store for 2008 and 2009 reporting and disclosure requirements, including the challenges of electronic filing next year.

We began the fall season in September with a full-day program presented by Sal L. Tripodi, APM, who discussed controlled groups, mergers and acquisitions, as well as the most recent legal and regulatory developments affecting qualified plans.

In October, we sponsored a sales training program entitled “Sell U: 5 Steps to a More Confident You” led by Gary Kleinschmidt, director of institutional sales for Legg Mason, followed by a networking reception at a local restaurant.

The current leadership team of the ABC of the Delaware Valley consists of:

President and Meetings Chair

Arthur Bachman

Immediate Past President

Ken Marblestone

Vice President and Program Chair

Miriam G. Matrangola, QPA, QKA

Treasurer

R. Dennis Vogt

Secretary

Jo-Ann Massanova, CPC, QPA

Membership Chair

Patrick McCallister

ASPPA Liaison

John M. Van Buren, MSPA

Continuing Education Chair

Sandra Uzdavinis

Government Relations Chair

Stephen H. Rosen, MSPA, CPC

In addition, we are fortunate to benefit from the invaluable insights and experiences of the following ABC board members: Robert A. Bildensee; Douglas R. Cranage, APM; Susan DeMinico; Jason E. Grantz, QKA; Jacqueline M. Gray; Ellen L. Kleinstuber, MSPA; and Mitchell A. Welsch.

In November, we provided a program for ethics credit, presented by Chuck Klose, FSPA, CPC, of Vanguard.

Our members had the opportunity to pick up 13.5 hours of continuing education credit just by attending our program meetings in 2009. We are planning an aggressive schedule for 2010, including co-sponsorship of the 2010 Mid-Atlantic Benefits Conference. We encourage all benefits professionals in the Delaware Valley to take advantage of the outstanding educational opportunities we offer.

Promoting Careers in Pensions

As part of our continuing effort to promote careers in the retirement plan industry, the ABC of the Delaware Valley has a long-standing practice of awarding scholarships to deserving students who are pursuing a course of study in actuarial science at Temple University’s Fox School of Business and Management. We are pleased to announce that earlier this year, we awarded two \$1,000 scholarships as part of this program. If you haven’t visited our Web site yet, please do so at www.asppa-abc-delval.org.



Ken Marblestone is an attorney and principal in the MandMarblestone Group LLC, located in Philadelphia, PA. Ken has more than 30 years of experience in the design and administration of qualified retirement plans. Ken is immediate past president of the ABC of the Delaware Valley. (marblestone@mand.com)

Welcome New Members and Recent Designees

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Linda Cappers, MSPA
Theodore H. Elconin, MSPA
Albert R. Minor, Jr., MSPA, COPA
Lauren Okum, MSPA

▲ CPC

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QKA
Krysteigh L. Amys-Masters, CPC,
QPA, QKA
Richard N. Carpenter, CPC
Grey C. Mitchell, CPC, QPA, QKA

▲ QPA

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Kimberly J. Cochrane, QPA
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Richard Cromwick, QPA, QKA
Stephen J. Eppard, QPA
Stephen G. Estelle, QPA, QKA
Chris Fredericks, QPA
Lynette A. Golly, QPA
Allan C. Gresock, QPA, QKA
Jarrod L. Hageman, QPA, QKA
Jennifer M. Harrison, QPA, QKA
Jonathan B. Haslauer, QPA, QKA
Dennis R. Hube, Sr., QPA
Joanne Lam, QPA
Rosemarie Lunka, QPA
John Lynch, QPA, QKA
Judy A. Lynch, QPA
Mary W. Manguse, QPA
Cheryl Mason, QPA
Derrek Mason, QPA, QKA
Jo-Ann Massanova, CPC, QPA
Cherilyn J. Masson, QPA
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Lori R. Owen, QPA
Sandi Michelle Samford Parks,
QPA, QKA
Tina G. Pickard, QPA, QKA
Terrance P. Power, QPA
Jason R. Royer, QPA, QKA
Kevin T. Rusch, QPA
Brenda M. Schachle, QPA, QKA

Stephen E. Smith, QPA, QKA
Laura L. Van Steeter, QPA, QKA
John T. Webb, QPA, QKA
Mark A. Witkowski, QPA, QKA

▲ QKA

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John P. Adzema, QKA
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QPFC
Linda Smith, QPFC
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Christopher Zarcaro, QPFC

▲ TGPC

Thomas Komara, TGPC
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▲ APM

Pamela S. O'Rourke, APM

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Charles F. Yocum
Richard D. Zumbach

Calendar of Events

ASPPA

Date	Description	CE Credits
Jan 5 – Mar 30	CPC Modules 1st Quarter Testing Period	
Jan 20 – 22	Los Angeles Benefits Conference • Los Angeles, CA	15
Jan 27 – 30	NTSAA National Conference • Indian Wells, CA	
Mar 14 – 16	The ASPPA 401(k) SUMMIT • Orlando, FL	15
Mar 15	Registration Deadline for 1st Quarter CPC Modules Testing Period	
Apr 1 – Jun 30	CPC Modules 2nd Quarter Testing Period	
Apr 19	Early registration deadline for spring examinations	
May 12	Final registration deadline for spring examinations	
May 13 – Jun 25	Spring 2010 examination window (DB, DC-1, DC-2, DC-3, PFC-1, PFC-2 and TGPC-2)	
May 13 – 14	Benefits Conference of the South • Atlanta, GA	15
May 19	Postponement deadline for CPC examination	
May 24 – 25	Mid-Atlantic Benefits Conference • Philadelphia, PA	15
May 26	CPC examination	
Jun 2 – 4	Women Business Leaders Forum • San Antonio, TX	TBD
Jun 10 – 11	ACOPA Advanced Actuarial Conference • Chicago, IL	TBD
Jun 11	Postponement deadline for spring TGPC-2, PFC-1, PFC-2, DC-1, DC-2, DC-3 and DB examinations	
Jun 15	Registration Deadline for 2nd Quarter CPC Modules Testing Period	
Jun 16 – 17	Great Lakes Benefits Conference • Chicago, IL	10
Jun 17 – 18	ERPA Conference • Chicago, IL	10
Jul 1 – Sep 30	CPC Modules 3rd Quarter Testing Period	
Jul 12	Northeast Area Benefits Conference • Boston, MA	8
Jul 13	Northeast Area Benefits Conference • New York, NY	8
Jul 18 – 20	Western Benefits Conference • Los Angeles, CA	17

** Please note that when a deadline date falls on a weekend, the official date shall be the first business day following the weekend.

** Please note that listed CE credit information for conferences is subject to change.

AIRE & ERPA



Jan 6 – Feb 17
ERPA-SEE Winter 2010 Examination Window

Feb 2
ERPA-SEE Examination Postponement Deadline

Apr 1 – Jun 30
Renewal Cycle for ERPAs Enrolled in 2009 with SSN Ending in 0, 1, 2 or 3

Jul 6
Registration Deadline for ERPA-SEE Summer 2010 Examination

Jul 7 – Aug 31
ERPA-SEE Summer 2010 Examination Window

Aug 13
ERPA-SEE Examination Postponement Deadline

ABC Meetings

January

ABC of Atlanta

Multiemployer Pension Plans: Get Before the Gettin' Gets Worse
Speaker TBD

February

ABC of Atlanta

Cash Balance Plan Design
Speaker TBD

April

ABC of Atlanta

Form 5500 Update
Janice M. Wegesin, CPC, QPA

May

ABC of Atlanta

ESOPs for Beginners
Speaker TBD

June

ABC of Atlanta

403(b) Plan Audits
Speaker TBD

August

ABC of Atlanta

Administrative Issues
Associated with Rehires
Robert M. Richter, APM

September

ABC of Atlanta

Investment Advice and ERISA Section 408(b)(2)
Speaker TBD

November

ABC of Atlanta

Representing Clients in DOL and IRS Audits
Speaker TBD

December

ABC of Atlanta

Legislative and Regulatory Update
Ilene H. Ferenczy, CPC

Fun-da-Mentals

Sudoku Fun

Every digit from 1 to 9 must appear:

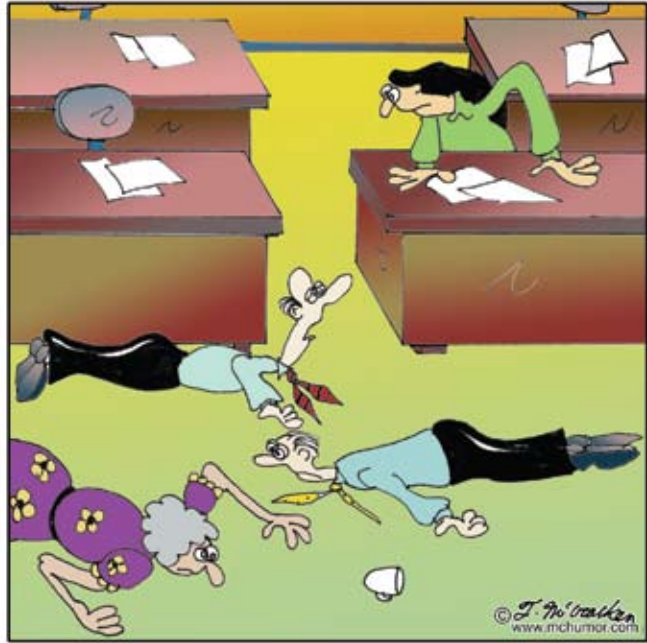
- In each of the columns,
- in each of the rows,
- and in each of the nine mini-boxes

	6	7	3				8	
3	1	8				4		
5								
8	2				1			
		6			3			8
7			5	4	8			
	4	5				9		6
		9			6			4
6	7	3	1		4			

Level = Easy

Answers will be posted at www.asppa.org/taj.

MCHUMOR.com by T. McCracken



"We're having an energy crisis of sorts. The coffee machine is broken."

Word Scramble

Unscramble these four puzzles—one letter to each space—to reveal four pension-related words.

UNO MAT _ _ _ _ _

SANE RING _ _ _ _ _

BURNS ME _ _ _ _ _ _ _

SUN CULT _ _ _ _ _ _

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

Mystery Answer: " _ _ _ _ _ ."

Answers will be posted at www.asppa.org/taj.



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