

Pension Systems Corporation

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IMPORTANT INFORMATION CONCERNING THE 401K PLAN

At the beginning of each new plan year we provide critical information to help you in the operation of your company's 401k.

IMPORTANT DATES (please mark your calendar)

- January 31st** IRS Form 1099R needs to be provided for all persons who took taxable distributions from their 401k accounts this year. We strongly recommend using an online tax form website (please see page 4 of this document) to prepare and mail the 1099R to persons requiring this form. In addition, online third-party websites will prepare and file the Form 1096 with the IRS.
- February 28th** (or March 31st if filing online) Form 1096 must be received by the IRS. If you use an online tax form website Form 1096 will automatically be filed with the IRS on your behalf.
- March 15th** Corrections for prior year's 401k compliance tests must be made.
- July 31st** IRS Form 5500 and 5500-SF are due. Filing of these forms must be done online, at a special websites setup by the Department of Labor. Please see pages 3 & 4 of this document for filing instructions.
- July 31st** Form 5558 must be filed with the IRS by this date to request a ten week extension for filing a late Form 5500 or 5500-SF.
- September 30th** Summary Annual Report (SAR) must be posted in the workplace. The SAR is a summary of the information submitted in Form 5500 or 5500-SF for the 401k. Please go to http://401kfedforms.com/online/summary_annual_report.php for instructions and blank SAR forms for your use.

REGULATORY CHANGES

- For 2014 the participant annual deferral limit is \$17,500. We have updated our systems to prevent an over-funding problem by a plan participant.
- For 2014 the "Catch-Up" annual deferral is \$5,500 for persons over 50. In 2002 a "Catch-Up" provision was introduced for employees age 50 and older, allowing them to made additional contributions to their 401k without subjecting the additional "Catch-Up" amount to nondiscrimination testing.

RECENTLY ADDED 401K FEATURES

- Roth 401k is now available for eligible plans. If you are interested in adding the Roth 401k feature, please contact us.
- Improved and expanded "distributions" section added to streamline and simplify the process of applying for a 401k loan, hardship, IRA Rollovers, etc.

- Comprehensive 401k investment and administration fee disclosure information now provided online to plan sponsors and participants, as required by ERISA.

USEFUL WEBSITES

- **401k Census** (www.401k-census.com) 401k Census "blind samples" investment and contribution data from many thousands of individual 401k investor accounts, analyses the data, and posts the results in this free public website for the benefit of 401k investors.
- **401k Fed Forms** (www.401kfedforms.com) Step-By-Step instructions for completing Forms 5500 and 5500-SF plus signature-ready 5500-SF preparation services, and Summary Annual Report instructions and blank forms.
- **401k Cross-Testing and New Comparability** (<http://401k-network.com/cross-testing/>) In cross-testing of a 401k, the company's contributions to plan participants are converted mathematically to projected benefits at retirement. These projected benefits are then tested against each other to ensure that the plan does not discriminate. Cross-testing involves a number of complex calculations and increases the cost of 401k administration. Contact Us for specifics.
- **401k Fee Disclosure** (www.401kfundlookup.com) This website is provided to partially satisfy the 401k service provider fee and 401k investments fee disclosure requirements under ERISA, to promote better understanding of the impact fees have on your 401k.

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FILING IRS FORM 5500 OR 5500-SF FOR THE 401K

The IRS requires all companies that sponsor a 401k plan to make an annual informational filing called the Form 5500-SF (or for larger plans, Form 5500). This filing is due July 31st of each year. If the filing is not going to meet this deadline, an automatic extension may be applied for. The extension is automatically granted, and adds another 60 days to the annual deadline.

Filing the Form 5500-SF is easier now than ever before. The filing is done completely online, at a special website set-up by the US Department of Labor. This online filing system is called **eFast2** and most plan sponsors are pleased with its simplicity and efficiency. In future years your plan's filings will be even easier, because the filing you do for this plan year will serve as a 'template' for filings in the years to come.

For 401k plans with fewer than 100 participants, the IRS has simplified the filing further by eliminating a number of questions, calculations and attachments. Plan with fewer than 100 participants file the Form 5500-SF; plans with more than 100 participants file the Form 5500.

All 401k plan sponsors are required to go to a special US Department of Labor website to register and file their plans. This message is being sent to you to remind you of the filing requirement, and assist you in navigating the eFast website.

Please Note: As an alternative to preparing and filing the Form 5500-SF (and companion Summary Annual Report) yourself, you can retain PSC to prepare and file them on your behalf. Please call us at (818) 501-4021 for specifics.

GETTING STARTED:

1) If this is the first time you have used eFast, please go to government website www.efast.dol.gov to register.

2) For "User Type" please check **both** of the following boxes:

- **Filing Author**
- **Filing Signer**

3) Continue the registration process. If your plan has more than 100 participants, your CPA will need to be involved in the filing of Form 5500. If your plan has fewer than 100 participants, you will be filing the Form 5500-SF ("Short Form"). You have two options when filing the Form 5500 SF:

Option I:

You can choose to complete and file the Form 5500-SF yourself, via the eFast2 website. There is no cost for this option.

Option II:

Alternatively, you can have Pension Systems Corporation prepare the Form 5500-SF on your behalf. Our fee for preparing Form 5500-SF is \$495, and you will need to complete a short 5500-SF Worksheet, in addition we prepare your plan's Summary Annual Report (SAR) at no additional cost.

If you select Option II, the 5500-SF Worksheet must be received by us no later than June 1.

If you want Pension Systems Corporation involved in the preparation of your Form 5500-SF filing, please notify us now, so that we can provide you with the Worksheet.

Please contact me if you have any questions concerning the Form 5500-SF filing requirements.

Thank you,

Pam Buckley
Manager, Client Services
(818) 501-4021

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FILING IRS FORM 1099-R TO REPORT TAXABLE DISTRIBUTIONS FROM A 401K

Please Note: As an alternative to preparing and filing the Form 1099-R (and companion Form 1096) yourself, you can retain PSC to prepare and file them on your behalf. Please call us at (818) 501-4021 for specifics and price.

IRS Form 1099-R is used to report taxable distributions from 401k retirement plans. A completed Form 1099-R must be provided to each person who has taken a taxable distribution from the 401k. The 1099-R must be provided to the individual no later than January 31st. In addition, an IRS Form 1096 must be completed and filed with the IRS no later than February 28 if filing using a paper form, or March 31st if filing using an online service.

The following are three examples of low-cost online form filing services that allow you to quickly and easily prepare and file the Form 1099-R and the Form 1096. These services will also mail copies of the forms to each individual who received a taxable distribution from the 401k.

www.Filetaxes.com

www.efilemyforms.com

www.speedefiler.com