

Commco Comments

Timely Information Updates for Employers and Retirement Plan Sponsors

ERISA 404(a) Participant Disclosure Regulations

On October 14, 2010 the US Department of Labor (DOL) released final regulations concerning the disclosures that must be made to every plan participant in participant-directed individual account retirement plans, such as 401(k). The rule becomes effective for plan years beginning on or after November 1, 2011. Calendar year plans will be required to comply as of January 1, 2012.

Who Must Disclose?

Plan administrators of ERISA-covered, participant-directed individual account plans, excluding Traditional, Roth, SIMPLE, and SEP IRAs. Plan administrators may delegate responsibilities to another individual or entity.

What Must Be Disclosed?

- Certain plan information, including the right to direct investments, any plan restrictions, and a description of the types of fees and expenses associated with a plan account, as well as the fees actually charged to individual participant accounts.
- Comprehensive data about each of the plan's investment options, including historical performance, comparable benchmark performance, expense charges and investment restrictions – all in a way that allows participants to make meaningful comparisons.
- Additional investment-related information, such as prospectuses, must be available upon request.



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How frequently must charges to a participant's account be reported?

Who Receives the Disclosures?

Participants and beneficiaries who have the right to direct the investment of their accounts, including employees who are eligible to participate but have not yet enrolled.

Timing for Disclosures

Current participants, including eligible participants, must receive disclosure within 60 days of the applicability date of the regulation. Going forward, most information needs to be provided prior to the date on which an individual can first provide investment direction and must be provided annually thereafter. Charges to a participant's account must be reported quarterly.

How Can Disclosures Be Delivered?

By paper or electronically under the current Department of Labor electronic delivery rules. Further guidance on electronic delivery is expected from the Department of Labor before the end of the year.

And Now For The Good News

Most retirement plan providers are, or very soon will be, issuing enhanced disclosure participant statements that will provide much of the required information and help plan administrators to meet the new requirements. While plan information will generally still need to be disclosed directly by the plan sponsor, most employers can count on their retirement plan providers to disclose the fee and investment comparison information on participants' quarterly statements. If you're not sure whether your plan provider is ready to help you meet the new 404(a) requirements, now is the time to ask.

Source: Fidelity Investments, Inc.



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2012 Retirement Plan Contribution Limits

After leaving retirement plan contribution limits unchanged in 2010 and 2011 from their 2009 levels, the IRS has announced that some limits will be increasing in 2012 to account for an increase in the cost of living. 2011 and 2012 limits are compared below.

Retirement Plan Limit	2011	2012
Defined contribution plan, total contribution limit	\$49,000	\$50,000
401(k), 403(b), and 457 plans elective deferral limit	\$16,500	\$17,000
Age 50 catch-up contribution limit	\$5,500	\$5,500
Defined benefit plan accrual limit	\$195,000	\$200,000
Highly Compensated Employee (HCE) status*	\$110,000	\$115,000
"Key Employee" officer status	\$160,000	\$165,000
FICA (Social Security) wage base	\$106,800	\$110,100
Annual compensation limit	\$245,000	\$250,000

* Highly Compensated Employee status applies to the following year. Therefore, any employee who earns more than \$110,000 in 2011 will be an HCE for 2012, and any employee who earns more than \$115,000 in 2012 will be an HCE for 2013.

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