

The PRS Report

Year-End Reminders and Deadlines...

Our annual list of year-end reminders and important deadlines follows. Contact us if you have any questions regarding any of the items listed. Many of the dates refer to calendar-year plans and adjustments may be necessary for non-calendar year plans.

Year-End Reminders

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YEAR-END REMINDERS AND DEADLINES...

ITEM

DISCUSSION

New Plans

For a new plan to be effective for the calendar tax year 2012, December 31, 2012 is the final day that a document can be signed. Lead time is needed for plan design work, client consultation and decisions, and document preparation. Now is the time to launch discussions on available options for new pension plans.

Plan Amendments and Contributions

If it is desired to amend a pension or profit sharing plan, then the plan has to be amended prior to the plan's year-end. If it is desired to decrease a pension plan benefit or contribution formula, then generally an advanced notice prior to participants accruing their benefits is required. Generally, for a calendar year pension plan, which is also a small plan, the participant notice describing a benefit decrease has to be distributed at least 15 days prior to the effective date. Because a profit sharing plan's contribution is usually discretionary, this latter requirement generally does not apply to profit sharing plans.



In addition, each year the IRS publishes a "Cumulative List of Changes in Plan Qualification Requirements." Generally this list would require that amendments be adopted prior to the end of the year to keep plan documentation in compliance.

Year-End Reminders and Deadlines...(continued)

ITEM	DISCUSSION
Safe Harbor 401(k) Notices	<p>In order to maintain a Safe Harbor 401(k) plan, certain annual notices must be distributed to eligible employees. One notice describes such employees' rights and obligations regarding the coming plan year. The other notice states the Employer's contribution commitment for the safe harbor profit sharing contribution for the current plan year. These notices must be distributed between 30 and 90 days before the end of the current plan year (between October 2, 2012 and December 1, 2012 for a calendar year plan).</p>
Salary-Reduction Elections	<p>Participant 401(k) and Cafeteria Plan elections generally have to be made prior to the beginning of the plan year. Before the end of 2012, plan sponsors should confirm that election options have been communicated and participant elections made for calendar-year plans.</p>
Cafeteria Plan Flexible Spending Accounts	<p>Cafeteria Plan rules require that plan participants forfeit unused amounts remaining at the end of the plan year, unless the Plan provides for a "grace period" of up to 2 1/2 months after the plan year end. Employees should be reminded of this "use it or lose it rule" and budget their medical and dependent-care expenses accordingly. The cost of an over-the-counter medicine or drug can no longer be reimbursed unless a prescription is obtained, with certain exceptions such as insulin. This applies to any expense even when applied to grace period claims.</p> <p>Change for 2013: The maximum amount that may be elected for medical reimbursement has been limited to \$2,500. Be sure participant elections do not exceed this amount.</p> <p>Please note that dependent-care salary deductions have to be reported as a separate item on the employee's W-2 Form.</p>
Participant-directed Investments	<p>If participants self-direct their plan investments, then these investments should be reviewed for suitability no less often than annually. It is the plan administrator's fiduciary responsibility to provide appropriate investment choices. It is also the plan administrator's responsibility to provide both annual and quarterly notices to the participants. Be sure those notices comply with the new fee disclosure regulations.</p>

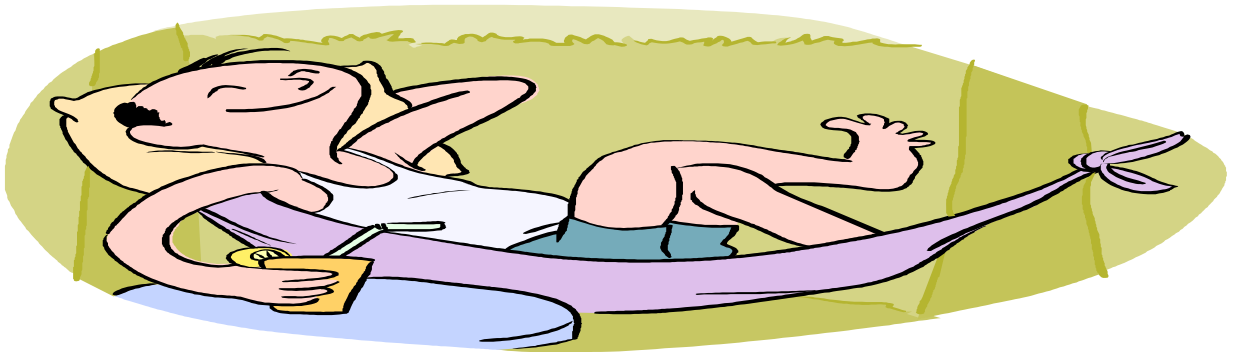


Year-End Reminders and Deadlines...(continued)

ITEM	DISCUSSION
Retirement-plan Distribution Withholding and Reporting Requirements	Form 945 is used to report distribution income-tax withholding, and Forms 1099-R and 1096 are used to report retirement plan distributions. If distributions were made in 2012, then the filing deadlines are January 31, 2013 for Form 945 and for the participant copy of Form 1099-R, and February 28, 2013 for Form 1096 and for the Internal Revenue Service copy of Form 1099-R. Generally, your accountant or bookkeeper will prepare Form 945.

The Trust should have a Trust Identification Number (TIN) which is different from the Corporate Employer Identification Number (EIN). The TIN should be used to report plan distributions and as the identification number for asset accounts. If the Trust does not have a separate number, please notify us so that we can apply for one.

Please note that you must use the Electronic Federal Tax Payment System (EFTPS) to make your plan distribution withholding tax deposits. If you don't have an EFTPS account under the TIN, then you must establish one.



Age 70½ Minimum Required Distributions	Generally, distributions must be taken by December 31st. If age 70½ is attained in 2012, then the 2012 distribution may be postponed until April 1, 2013. Two distributions would then be required in 2013 (the 2012 distribution by April 1, 2013, and the 2013 distribution by December 31, 2013).
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Subject to certain conditions, the Plan may allow non-5% owners to delay commencement of the distributions if still actively employed. However, individuals are still required to take IRA distributions, (except for Roth IRA accounts) once they have attained age 70½.

Because the age 70½ requirements are complicated and because there is a 50% excise tax for the amounts not taken, we suggest that you contact us if you have any questions.

Year-End Reminders and Deadlines...(continued)

ITEM	DISCUSSION
Fidelity Bond	<p>Except for one-participant plans, ERISA requires that every fiduciary of an employee benefit plan and every person who handles funds or other property of a plan be bonded. A one-participant plan means a plan whose participants are only the 100% owner (and/or his spouse) regardless of whether the business is incorporated or not, or whose only participants are partners and/or their spouses.</p> <p>The amount of the bond is generally 10% of the funds handled. The coverage requirement is determined at the beginning of each year and may have to be updated. You can obtain a bond from your casualty broker or by visiting http://www.colonialsurety.com/fidelity_main.asp</p>
Beneficiary Election Forms	<p>Each plan participant should be reminded that he can update his Beneficiary Election by completing a new Form. Examples of when new forms should be completed are as follows:</p> <ol style="list-style-type: none"> 1. A participant whose marital or family status has changed since last completing a Beneficiary Election Form should complete a new form. 2. A married participant, having attained age 35 since last completing a Beneficiary Election Form, should complete a new Form. 3. A participant who has changed his estate plans since last completing a Beneficiary Election Form may want to complete a new Form.

Important Deadlines

** Dates shown are for calendar year plans*

EVENT	DEADLINE
Safe Harbor 401(k) Plan annual notice:	Between October 2 and December 1, 2012*
2013 401(k) elections by:	December 31, 2012*
2013 Cafeteria Plan elections by:	December 31, 2012*
2012 Flexible-Spending Accounts medical and dental expenses incurred no later than:	December 31, 2012* or, if the plan provides, by the end of the grace period)



Year-End Reminders and Deadlines...(continued)

EVENT	DEADLINE
Filing of 2012 Form 945 by:	January 31, 2013
Filing of participant copy of 2012 Form 1099-R by:	January 31, 2013
Filing of 2012 Form 1096 by:	February 28, 2013
Filing of IRS copy of 2012 Form 1099-R by:	February 28, 2013
Certain participants who attained age 70½ prior to 2012 must take their 2012 minimum required distributions by:	December 31, 2012
A participant, who attained age 70½ during 2012 has to take his IRA (non-Roth) minimum-required distribution and must take his qualified-plan minimum-required distribution by:	April 1, 2013



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