

Frequently Asked Questions

1. Why does my plan have to be restated for EGTRRA?

Under federal law, all qualified retirement plans must be rewritten periodically. This is based on a 6-year restatement cycle established by the IRS. The new document is referred to as the EGTRRA Document. EGTRRA is an acronym that represents Economic Growth and Tax Relief Reconciliation Act of 2001. The restated document must be done to maintain the tax qualified status of your plan by keeping it current with laws that have passed from 2001 forward. Defined Contribution Plans must be restated no later than April 30, 2010.

2. If my plan has a safe harbor provision to avoid ADP and/or ACP testing what are the notice and funding requirements?

	Notice to Participant Deadline	Options to cease contribution
3% Employer Non-Elective (NEC)	30 days prior to 1 st <i>and</i> last day of plan year	Once safe harbor notification is made to participant contribution is mandatory*
Safe Harbor Match	30 days prior to 1 st day of plan year	Additional 30 day notice required of intent to cease matching contributions*
Flexible 3% Employer Non-Elective	Conditional notice 30 days prior to 1 st day of plan year; Secondary notice 30 days prior to plan year end indicating whether the safe harbor status was elected	Notice provided 30 days prior to plan year end indicating that the safe harbor status was not elected*

* Safe Harbor Plans are subject to ADP, ACP Testing & Top Heavy Testing once the safe harbor provision is terminated

3. What are the 2009 Defined Contribution Plan Limits?

Considered Compensation	\$245,000
Annual Addition	\$ 49,000
401(k) /Roth Deferral	\$ 16,500
Catch-up Contribution	\$ 5,500
Highly Compensated Employee Compensation	\$110,000

4. Who is a key and/or highly compensated employee for 2009?

Key Employee

- Over 5% owner
- Over 1% owner (or Officer) with compensation of \$150,000*
- Officer with compensation of \$160,000*
- Spouse or linear relation to any of above

Highly Compensated Employee (HCE)

- Over 5% owner, their spouses and linear relations
- Any employee with compensation in the preceding plan year in excess of \$105,000* will be a HCE for 2009. The compensation for a HCE for the 2010 plan year would be \$110,000* as indicated on the table above.

*The compensation is adjusted annually by the IRS

5. When is my plan deemed Top-Heavy?

A plan is top-heavy for a plan year if, for the preceding plan year, the total value of account balances of key employees is 60% or more than the total value of account balances of all employees. Once your plan is deemed "Top-Heavy" additional contribution requirements may apply to the non-key employees.

6. What are important deadlines for my retirement plan?

Form 5500 Package:	7 months following close of plan year or extended due date
Employee Contributions:	Same as federal tax deposit deadline
Employer Contributions:	
Defined Contribution	Filing deadline of company tax return
Defined Benefit/Money Purchase/Target Benefit	Filing deadline of company tax return, however no later than 8 ½ months following close of the plan year
Corrections:	
Failed ADP/ACP	2 ½ months following close of plan year
Excess Deferral	3 ½ months following close of plan year

7. Where do I send the Form 5500 Package?

	Regular Mail	Private Delivery
Form 5500	EBSA P.O. Box 7043 Lawrence, KS 66046-7043	EBSA EFAST 3833 Greenway Drive Lawrence, KS 66046-5502
Form 5500EZ	EBSA P.O. Box 7042 Lawrence, KS 66046-7042	EBSA EFAST 3833 Greenway Drive Lawrence, KS 66046-5502

8. What are general reasons for distributions from the plan?

- The participant dies, becomes disabled, or otherwise has a severance from employment
 - The plan terminates and no successor plan is established or maintained by the employer
- If the plan document permits:*
- The participant reaches age 59 ½ or incurs a financial hardship
 - Participant loan of 50% of vested account balance not to exceed \$50,000

9. How long does it take for the withdrawal to be processed from the plan?

The plan guidelines stipulate that a distribution will take place “as soon as administratively feasible” which may be up to 30 days or longer depending on varying factors. The participant may wish to contact their broker to discuss transferring their balance to a cash fund within the plan during the time prior to withdrawal due to the current volatility of the market.

10. Where do I send the Taxes Withheld from the Distribution if it is not sent electronically?

Federal Tax Withholding	California State Withholding
Financial Agent Federal Tax Deposit P.O. Box 970030 St. Louis, MO 63197	EDD P.O. Box 826276 Sacramento, CA 94230-6276

Be sure to include the tax deposit coupons with the payments

11. Who is the Plan Administrator?

The Plan Sponsor is the Plan Administrator for IRS and DOL filing purposes. Nicholas & Hicks, Inc. is the contract administrator or third-party administrator.

12. What are important website links?

Employee Benefits Security Administration	www.dol.gov/ebsa
Internal Revenue Service – Retirement Plans	www.irs.gov/retirement
Department of Labor	www.dol.gov
Pension and Benefits Guaranty Corporation	www.pbgc.gov