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Tom Obara Joins CRG

Cassidy Retirement Group announces the newest addition to their staff, Tom Obara. Tom will lead the business development efforts and oversee the defined contribution practice. Tom comes to CRG after 13-years with T. Rowe Price Retirement Plan Services having spent the last 10-years as a retirement sales executive. For a full biography, please visit the 'Staff' section of our website [here](#). Tom's e-mail address is tobara@cassidyretirement.com.

CRG Retirement Plan Update - DB and DC Plans

Recent Guidance

- **May 18 (DC):** The IRS/Treasury issued a proposed rule that would allow sponsors affected by a "substantial business hardship" to reduce or suspend 401(k) or 403(b) safe harbor nonelective contributions during a plan year (i.e., mid-year) in a comparable fashion to provisions allowing reductions or suspensions of safe harbor matching contributions. The proposed regulation would apply to amendments adopted after May 18, 2009 and is intended to "provide an employer an alternative to the option of terminating" a safe harbor plan, provided certain timing and notification requirements are satisfied. Comments on the proposed rule are due by August 19, 2009.
- **April 30 (DB):** The PBGC issued Technical Update 09-3, which grants relief from the reportable event notification requirement for small plans in the event that a 2009 required quarterly contribution is not made on time and the failure to make the contribution "is not motivated by financial inability." The notification requirement is (1) waived for plans with fewer than 25 participants in the prior plan year and (2) simplified for plans with between 25 and 100 participants in the prior plan year.
- **April 14 (DC):** The IRS released Announcement 2009-34 which (1) outlines its intent (in the form of a draft revenue procedure) to establish a procedure for approving 403(b) prototype plans and (2) announces the posting of sample plan language on its website that can be used in drafting these prototype plans. Comments on the draft revenue procedure are due by June 1, 2009.

- **March 16 (DB):** The U.S. Government Accountability Office (GAO) issued a report to Congress titled "Defined Benefit Plans: Proposed Plan Buyouts by Financial Firms Pose Potential Risks and Benefits." This report is a follow-up to Revenue Ruling 2008-45 (issued August 6, 2008) which concluded that the transfer of sponsorship of a qualified retirement plan from an employer to an unrelated taxpayer (when the transfer is not connected with a transfer of assets, operations, or employees, sometimes referred to as a "pension buyout" or "risk transfer") violates the "exclusive benefit rule" of IRC §401(a). While the GAO's 34-page report states that participants in some underfunded DB plans might benefit from these transfers/buyouts and that the PBGC would stand to collect ongoing premiums from bought-out plans, such financial transactions could "pose some key risks that might be difficult to anticipate and mitigate." Such risks include misaligned incentives (e.g., would the new sponsor have an incentive to manage the bought-out plan in the interests of participants) and concentration of risk (e.g., if a single financial firm takes over a large number of plans and subsequently faces financial difficulty).

For a list of past guidance, please click [here](#).

Looking Ahead

- **June 18 (DC):** The DOL's Employee Benefits Security Administration (EBSA) and the Securities and Exchange Commission (SEC) will hold a joint, one-day hearing in Washington D.C. on target date funds, exploring issues such as portfolio construction, risk profiles, and disclosures to 401(k) participants and other investors.
- **July 15 (DB):** Second quarterly contribution deadline for calendar year plans (for the 2009 plan year).
- **July 28 (DB and DC):** Due date for calendar year plans for sending Summary of Material Modifications (i.e., 210 days after the end of the plan year in which a plan change was adopted).
- **July 31 (DB and DC):** Deadline for calendar year plans for filing Form 5330 (for reporting excise taxes on prior year excess contributions and on other prior year prohibited transactions).
- **July 31 (DB and DC):** Deadline for filing the 2008 Form 5500 (if no extension is desired) and deadline for filing Form 5558 for the 2008 year (if an automatic 2½ month filing extension is desired).

Market Summary - Total Returns Through May 15, 2009

Year-to-date and one-year returns for key market indexes are summarized below:

	Dow Jones Industrial Average	Standard & Poor's 500 Index	Russell 2000 Index	MSCI EAFE International Equity Index	Lehman Brothers Aggregate Index
Year-to-date	-5.8%	-2.3%	-4.7%	0.7%	1.5%
Last 12 Months	-36.3%	-38.1%	-35.8%	-43.2%	4.6%

Source: The Wall Street Journal

Defined Benefit Plans - Liability Returns

The return on assets in a pension trust is clearly a key driver of the funded status of a pension plan. However, pension liability values can also fluctuate significantly with changes in market interest rates. In essence, pension liabilities carry their own market returns. Plan sponsors should therefore focus on the net impact of changes in assets and liabilities on a plan's funded status. The following table provides the estimated return on pension plan liabilities as of April 30, 2009 as calculated by Ryan Labs, Inc. (used with permission):

	Ryan Labs, Inc. PPA Liability Index (Funding)	Ryan Labs, Inc. FAS 158 Liability Index (Accounting)
Qtr ending 4/30/2009	2.8%	0.3%
Year-to-Date	-4.3%	-6.2%
Last 12 Months	-3.0%	-3.5%

Source: Ryan Labs, Inc.

Ryan Labs, Inc. Asset Management specializes in managing custom fixed income portfolios for pension plans and institutional clients. For more information on Ryan Labs, please visit <http://www.ryanlabs.com>, or call 800-321-2301.

Defined Benefit Plans - Key Interest Rates

- **IRC §430 Corporate Bond Yield Curve (DB Funding):** For a graph showing the year-to-date and 12-month change in the yield curve as of April 2009, please visit the Industry Resources section of our website [here](#). (Note that, in light of the IRS/Treasury guidance released on March 31, 2009, we have included the October 2008 spot rates on this graph.)
- **IRC §417(e)(3) Lump Sum Rates (DB Plans):** For a graph showing the year-to-date and 12-month change in lump sum interest rates as of April 2009, please visit the Industry Resources section of our website [here](#).

Resources

For more information on Cassidy Retirement Group, please visit www.cassidyretirement.com.