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Upcoming Presentation

Tom Sablak will be presenting a session titled "Don't Shoot the Messenger: A 2009 PPA Update" at the annual meeting of the Actuaries Club of Boston on September 24th. He will be covering topics such as discount rates, maintenance of funding balances, and AFTAP certifications. If you would like a copy of his presentation materials, please email tom@cassidyretirement.com.

Target-date Funds - An Industry-wide Mislabeling?

Financial services industry research firm, Cerulli Associates, suggests fund companies relabel their target date funds. Cerulli's report argues that the term "target-date fund" doesn't properly define the funds' intended use. The proper name should be "target-date-to-income-planning funds" or TDIP. Click [here](#) to read more.

CRG Retirement Plan Update - DB and DC Plans

Recent Guidance

- **September 5 (DC):** President Obama announced several initiatives to encourage savings for retirement, which was followed by the IRS and Treasury releasing four notices and three revenue rulings:
 - Notice 2009-65: Facilitates automatic enrollment by providing a sample plan amendment for adding a basic automatic contribution arrangement to a §401(k) plan and a second sample plan amendment for adding an eligible automatic contribution arrangement to a §401(k) plan.
 - Notice 2009-66: Provides guidance to facilitate automatic enrollment in SIMPLE IRA plans.
 - Notice 2009-67: Provides a sample plan amendment that a prototype sponsor of a SIMPLE IRA plan may use to add an automatic contribution arrangement to such a plan.
 - Notice 2009-68: Contains two safe harbor explanations (updating those previously published in Notice 2002-3) that may be provided to recipients of eligible rollover distributions from an employer plan in order to satisfy IRC §402(f).

- Revenue Ruling 2009-30: Provides guidance on how a §401(k) plan may allow automatic increases in an eligible employee's default contribution percentage as the employee's base pay increases in the future.
 - Revenue Ruling 2009-31: Indicates that a qualified profit-sharing plan may be amended to permit an annual contribution to the plan in an amount equal to the dollar equivalent of a participant's unused paid time-off, in certain circumstances.
 - Revenue Ruling 2009-32: Indicates that a qualified profit-sharing plan may be amended to permit a contribution to the plan in an amount equal to the dollar equivalent of a participant's unused paid time-off upon termination of employment, in certain circumstances.
- **September 8 (DC)**: The IRS/Treasury released Notice 2009-75 which provides guidance on the federal income tax consequences of rolling over an eligible rollover distribution from a qualified retirement plan (including §401(a), §403(a), §403(b), and §457 plans) to a Roth IRA.
 - **September 8 (DC)**: The Department of Labor issued Field Assistance Bulletin 2009-03 which outlines how a plan fiduciary of a participant-directed individual account plan (such as a 401(k) plan) may distribute a mutual fund's "summary prospectus" to satisfy the prospectus-delivery requirements set forth in the ERISA §404(c) regulations.
 - **September 14 (DC)**: The Department of Labor officially stopped a regulation concerning the provision of investment advice to participants and beneficiaries of participant-directed individual account plans (such as 401(k) plans). The original effective date of the regulation was March 23, 2009, which was postponed to May 22, 2009 and then again to November 18, 2009, but then it was cancelled on September 14, 2009. The DOL announced that it will undertake a fresh start and issue a new regulation in the future.

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

Looking Ahead

- **September 30 (DB)**: Deadline for the final actuarial certification for the 2009 plan year (calendar year plans).
- **October 15 (DB/DC)**: Plan year 2008 Form 5500 due date (for calendar year plans that filed for an extension). For calendar year defined benefit plans, this is the date on which the following elections are finalized:
 - Discount rate for the 2008 plan year
 - Asset valuation method for the 2008 plan year
 - Amount of prefunding balance created as of January 1, 2009, based on excess contributions for the 2008 plan year
- **October 15 (DB)**: PBGC premium filings are due for the 2009 premium payment year (for calendar year plans with at least 100 participants).
- **October 15 (DB)**: Third quarterly contribution deadline for calendar year plans (for the 2009 plan year).

Market Summary - Total Returns Through September 21, 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	Barelays Capital Aggregate Index
Year-to-date	11.4%	17.9%	23.3%	25.6%	5.0%
Last 12 Months	-11.2%	-11.8%	-14.5%	-9.4%	8.6%

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 August 31, 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 8/31/2009	6.5%	5.7%
Year-to-Date	13.9%	9.7%
Last 12 Months	18.3%	14.8%

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 August 2009, please click [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 August 2009, including rates for the 2010 plan year, please click [here](#).



Resources

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