



July/August 2010

Newsworthy - The Newsletter for Employee Benefit Plan Administrators

Our Chicago Office Now Open!

On April 26th, 2010, Dufek & Company, LLC formally announced the opening of their second office - located in downtown Chicago. Going forward, the partners of Dufek & Company, LLC will split time between their Wisconsin and Illinois offices.

Due to client demand, the new office was opened to accommodate requests from all client types and sizes. This expansion positions us to better serve all of our clients.

The contact information for the new Chicago office:

Dufek & Company, LLC
One South Dearborn - Suite 2100
Chicago, Illinois 60603
(312) 848-7616

Employers Considering Annuities in 401(k) Plans

The number of employers planning to offer annuities to participants in their 401(k) plans is expected to grow, according to a recent survey by Watson Wyatt. This finding comes on the heels of an announcement by the Department of Labor that it will explore steps it can take to encourage employers to offer lifetime annuities or similar lifetime distribution options in their defined contribution (DC) plans.

The survey found that nearly one in four employers (22 percent) that sponsor DC plans currently offer an annuity as a distribution option, and 10 percent of those who do not offer one are considering adding it. The survey found that the main reasons plan sponsors did not offer an annuity were a lack of participant demand (56 percent) and administrative complexity (36 percent). *

Please call Dufek & Company, LLC to discuss the various kinds of annuity options you may want to consider adding to your 401(k) plan.

* source: Watson Wyatt



Dufek & Company, LLC

What makes us different?

With most CPA firms, you see the partners and managers once - when they are trying to solicit your business. After that you see a revolving door of recent college graduates asking the same questions year after year.

Dufek & Company specializes and only audits employee benefit plans. The only two people in the firm are the owners - Scott and Nancy. This allows us to fully understand your business and your benefit plan(s). It also provides continuity in staffing and allows you face time with the people that understand the Department of Labor and Internal Revenue Service expectations for your employee benefit plan and its corresponding audit.

The biggest distinction between our firm and our competitors (aside from our low fees) is the length of your audit. We pride ourselves in our expertise and our ability to get your testing done right the first time. This allows the audit to be completed in as little as three weeks. It is common for other firms to start the audit in May and issue request lists all summer only to first issue their report in October!

Be the one credited with saving your organization time and money.

Call Today! (414) 405-5054

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Related Internet Links

The links below are available by clicking on the red text or by visiting the Internet link section of our website - www.5500audit.com (click on Resources/Internet links - located on the top navigation bar).

- [IRS Retirement Plan Navigator](#) - Retirement plan guide for small employers.
- [IRS "Fix-It" Guides](#) - Common mistakes found in tax exempt plans and the recommended action to bring your plan back into compliance.
- [DOL Voluntary Correction Program](#) - The Department of Labor provides an opportunity to pay reduced civil penalties for voluntarily complying with the annual reporting requirements.
- [Form 5500 filing credentials](#) - Form 5500 must now be filed electronically and you need individually issued credentials that will allow you to sign the filing.
- [403\(b\) Frequently Asked Questions](#) - Q & A section developed by the AICPA 403(b) Task Force.

Employers Reinstating 401(k) Match?

A recent survey by Fidelity Investments indicates that, as the economy begins to improve, employers large and small are bringing back their 401(k) matching programs.



Larger employers are leading this trend with the majority of them indicating they have either already reinstated or will reinstate matching contributions over the next 12 months. This data is based on a March 2010 survey.

By July of 2009, eight percent of companies with an employer contribution had suspended the match as the economy continued to weaken and employers looked for ways to cut costs. When surveyed recently about their intentions of bringing back the match, 44 percent of all employers regardless of size indicated they have either already reinstated the match or plan to over the next 12 months.

Research has found that a company match, regardless of the rate, increases participation in retirement savings plans. The average employee participation rate for companies that offer a match is 63 percent. At companies that do not offer a match it is 57 percent.

* source: Fidelity Investments

Excess Participant Deferrals

Failure to distribute a participant's excess deferrals from your plan may lead to your plan being disqualified or to the participant being taxed twice.

For 2010, the annual elective deferral limits for most employer sponsored benefit plans is \$16,500 (\$22,000 if a participant is age 50 or older). If an employee's elective deferrals made to your plan have exceeded the annual limit, the plan must distribute the excess plus earnings by April 15 following the year of excess to meet plan qualification requirements.

If a plan fails to distribute excess deferrals when required, it can use the correction programs under the IRS's Employee Plans Compliance Resolution System (see [Voluntary Correction](#) link above) to avoid plan disqualification.

CPA's Specializing in:

- 401(k) Audits
- 403(b) Audits
- Profit Sharing Plan Audits
- ESOP Audits
- Pension Plan Audits
- Money Purchase Plan Audits
- Health/Welfare Plan Audits



"A benefit plan audit doesn't need to cost too much and last forever. We are proving it!"

- Scott M Dufek, CPA -



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