# Action Items

December, 2004

a newsletter for ACI's clients and their advisors

## Retirement Plans in 2005:
### *A Look Into the Crystal Ball*

*by Jeff Wallace*
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To the extent that the retirement plan world is ever really exciting, the year 2005 looks to be an exciting one. There are at least four major issues that will likely dominate discussions and impact the private pension system. The following is a quick summary of the issues and our best guess of what will actually happen in 2005. As you read on, please remember that our prognostications are based upon exhaustive analyses of tea leaves, tarot cards, and star charts.

**Privatization of Social Security**

It appears that privatization of the social security system will be a high priority for the Bush administration in 2005. If successfully implemented, this mayhave a significant impact on employer-sponsored retirement plans. Privatization will result in reduced *guaranteed* social security benefits to retirees. Actual benefits will vary based upon the performance of investments in individuals' accounts.

One implication of this approach is that employees will likely look to employer-sponsored plans to supplement the reduced fixed benefit. This could result in higher deferral rates to 401(k) plans and a heightened demand for some form of employer contributions to retirement plans, whether it's in the form of a matching contribution, profit sharing contribution or contributions to a defined benefit pension plan. From an employer's perspective this could be both a challenge and an opportunity. Offering employer contributions to a retirement plan may be problematic for some employers, but those who have the resources to make these contributions may be in a far better position to attract and retain great employees.

Privatization, if approved, is going to be years in the making. But 2005 promises to be the year that marks the beginning of the debate in earnest. The "trickle-down" impact of privatization will continue to be studied exhaustively and it will be discussed publicly for the first time. The debate will almost certainly include an analysis of the private pension system and savings rates in general.

**Pension Simplification**

Ironically, while the Administration pushes social security privatization, they are also looking to simplify the pension system. Pension simplification was most recently introduced in 2003, and was resoundingly heralded as the end of private pension system (remember RSAs and LSAs?). Pension simplification won't go away; it's the low-hanging fruit on the Internal Revenue Code

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# Voluntarily Correcting Compliance Issues in Retirement Plans: *Part 2*

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In our last installment of this article, we discussed the IRS's program for correcting compliance issues in retirement plans. You will recall that the program, called the Employee Plans Compliance Resolution System (EPCRS) was made up of two voluntary components – the Voluntary Compliance with Service Approval Program and the Self-Correction Program; and one program for compliance issues discovered in the course of an IRS audit – the Audit Closing Agreement Program. You will also recall the IRS shares jurisdiction over certain plans with the Department of Labor (DOL). And like the IRS, the DOL has programs for correcting compliance issues within its jurisdiction. The two main components of the DOL's voluntary compliance program are the Voluntary Fiduciary Correction Program for correcting certain breaches of fiduciary duty and the Delinquent Filer Voluntary Compliance (DFVC) Program for late filers of Forms 5500.

According to the DOL, the purpose of the Voluntary Fiduciary Correction (VFC) Program is to encourage voluntary compliance with the fiduciary rules found in the Employee Retirement Income Security Act of 1974 (ERISA) by offering a self-correction program for employers. The program is available to correct fifteen (15) specific transactions that are arguably breaches of fiduciary duty. The breaches available for correction are transactions related to (i) delinquent contributions to ERISA plans, (ii) below market interest rate loans, (iii) certain purchases and/or sales of assets and other property, (iv) the proper valuation of plan assets in determining benefit payments and (v) the payment of certain plan expenses. In addition to being a breach of fiduciary duty, certain transactions may be prohibited transactions (as defined in ERISA) and may be eligible for relief for those transactions by participating in VFC.

It is important to remember that VFC is voluntary and, thus, is not available to employers who are under investigation by the DOL. Once the breaching transaction has been identified, the employer must make full correction by restoring the plan and the participants to the position they would have been in had the breach not occurred. However, unlike the EPCRS, VFC is only available for those transactions specifically identified in the program. Thus, if a particular transaction is not one of the fifteen listed in the program, the employer may not make correction under VFC.

At one time, VFC required that participants be given notice that a submission was being made to the DOL. This requirement was removed when the program was revised effective March 2002. However, if the correction involves an adjustment to the account balances of participants, the DOL encourages providing notice to the affected participants. In addition, if an employer wants to take advantage of the available excise tax relief for certain corrections, participants must be given notice. Once submission has been made and the correction fully implemented, the DOL will issue a letter indicating it will take no further action against the employer regarding the matters disclosed in the submission (the so-called "no action" letter).

The DOL also has a voluntary program for employers that have failed to timely file Forms 5500 – the Delinquent Filer Voluntary Compliance (DFVC) Program. Under ERISA, employers filing a late 5500 (*i.e.*, after the date the report was required to be filed, including extensions) may be assessed $50 per day, with no limit, for the period they failed to file, determined without regard to any extensions for filing. Employers who fail to file an annual report may be assessed a penalty of $300 per day, up to $30,000 per year, until a complete annual report is filed. As you can see, the cost of failing to timely file Forms 5500 can increases quickly.

Under DFVC, employers that have outstanding Forms 5500 can submit them to the DOL on a voluntary basis, pay a significantly reduced fee and be treated as though the returns were timely filed. As the name suggests, DFVC is only available to employers who have not received written notice from the DOL that the failed to timely file a return for a particular year or years. Once an employer receives such a letter, DFVC is no longer an option. In addition, DFVC is not available for filers of Form 5500-EZ and Form 5500 filers for plans without employees. This is because filers of these types of forms are generally not within the jurisdiction of the DOL. Thus, they are not eligible for DFVC and their returns must still be filed with the IRS.

In order to file a submission under DFVC an employer must file the original returns with the DOL office responsible for processing timely filed forms, and file a separate submission to the DFVC Program office in another location. The applicable filing fee that is calculated based on the lateness of the submission and the size of the plan.

Given the number and availability of voluntary compliance programs between the IRS and DOL, employers should have little difficulty keeping their retirement programs in compliance – and correcting those that are out of compliance. Consider talking to your retirement plan advisors about which program(s) may be right for you.

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*"2005" Continued from page 1*

tree. If your long-term goal is to overhaul and simplify the tax code, beginning with the pension system would be the easiest way to start working towards that goal. Tackling the income tax first would be a poor choice, given the complexity of that issue.

It appears likely that some degree of pension simplification will be introduced and approved in 2005. However, we don't think it will be nearly as sweeping as the original concepts introduced in 2003. The 2003 proposals included some very welcome improvements, including elimination of "top-heavy" testing and simplified non-discrimination testing in 401(k) plans. We hope—but are not confident—that these items will also be included in future legislation.

**Cash Balance Guidance**

As we've noted in prior issues of *Action Items*, the Treasury department continues to struggle with a few important issues related to cash balance plans. The primary issue, age discrimination, is almost entirely focused on conversions of existing traditional defined benefit plans to cash balance plans. The other major issue under review is "non-traditional" retirement ages in cash balance plans, which have become valuable tools for managing funding liability exposure in these plans.

It's difficult to predict whether any meaningful legislation will be passed relating to cash balance plans in 2005. The government has struggled to understand the various issues and identify the body responsible for crafting new guidelines. But we would be surprised if action was not taken in 2005, given the demand for guidance from the private sector. All parties involved in the cash balance debate—both pro and con—are clamoring for clarity. Sponsors of cash balance pension plans are advised to continue to operate their plans in accordance with the terms of their documents until the government issues guidance.

**Retirement Plan Expense Scrutiny**

First it was mutual fund expenses. Then it was the allegations of unfair trade practices in the property and casualty insurance industry. And next up on your State Attorney General's list of easy targets: qualified retirement plan expenses.

It's been known for quite some time that many sponsors of qualified retirement plans do not understand the costs associated with their plans. Specifically, they don't have a thorough grasp of the costs that reduce participant account balances. Disclosure of fees, while improving, is still inconsistent from one vendor to another. And as discovered in the mutual fund industry investigations, there is a lot of money changing hands in the retirement plan industry.

The Department of Labor has mounted a relatively quite campaign to encourage plan sponsors to understand and manage plan-related fees. However, the DOL has had several other battles to fight in recent years and does not appear to have committed significant resources to this particular issue. From what we see on the horizon, though, that may soon change. Not only do we think the DOL will begin focusing more closely on plan expenses, we suspect the SEC, State Departments of Insurance, and attorney generals will all begin studying the issue with an eye towards holding employers accountable for managing these expenses and punishing vendors, brokers, and financial advisors who are receiving compensation without providing services that are of value to plan participants.

**The Year that Was and the Year that Will Be**

In many ways, 2004 has been a relatively quiet year in the qualified plan world. There haven't been any major laws passed dealing with qualified plans. In fact, most of the scrutiny of retirement plans in 2004 has been focused on non-qualified deferred compensation plans, which has caused many sponsors of these plans to make dramatic overhauls to them before December 31st. But 2005 is poised to be another eventful year. As always, the staff of ACI will be here to guide you along the way as events unfold.

## Proactive changes to your plan

*by Tobi Cosgwell, Consulting Administrator*
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If you have a calendar year plan you will shortly be receiving your annual data request package. The package will include requests for information necessary for the administration of your plan as well as instructions for completing the census, trust accounting workpapers and questionnaire, and a guide to key issues. While the questionnaire gives us information about changes that have occurred with regard to your company and your plan, we will not receive this information until *after* the end of the year. Depending upon whether or not your plan requires employment on the last day of the year in order to receive an allocation, and most plans do, you may be able to affect changes for the 2004 year-end by addressing some of these changes now. Some items to consider are:

1) If you have a cross-tested (tiered allocation) plan, are the tiers still appropriate for your plan? Has there been a significant change in your demographics or are any family members newly eligible?
2) If you have a comp-to-comp profit sharing allocation would you like to explore an allocation method that may give a greater contribution to the Key employees?
3) Has there been any change in ownership?
4) Have any mergers, acquisitions or sales taken place during the year?
5) Would you like to increase (or decrease) your plan contributions?
6) Would you like to make any changes to your plan for 2005?

If your plan is not meeting your current goals and expectations, by contacting your ACI plan administrator before the end of the year, you may be able to accelerate desired changes and put them in place for 2004.

# Managing Transition From the Inside Out: *Part 1*

*by Mark H. Fowler, CMC, CPA*
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**The Power of the Employee Community**

The single most important ingredient for successful change is employee involvement. Their interest, active participation, energy, creativity, good nature, and support are essential to making change work. And, to maximize the return on their efforts it is essential that they have a vested interest in the end result.

Employees are usually there for their companies, sometimes sacrificing their own needs for the larger purpose. Employees have petitioned for substantial pay cuts while management has sought minor reductions for themselves. They have worked excessive hours to get things accomplished because it was the right thing to do. While others fled, workers have stepped forward and taken control of the ship because they saw that this was their place, their stand, their duty—for the company, themselves and their families.

The employee community's energy and connectedness is the glue that keeps the business together. And, the stronger this glue, the more successful the endeavor.

**What Is Transition and Why Is It So Important?**

Transition is change and change is everywhere. Change doesn't happen once in awhile, like moving to a new facility, buying or selling a division of the company, ownership changes, a new computer system and on and on. Change always happens whether we see it or not.

There are major transitional times and these include: a merger or acquisition; the death of owner(s); a shift in generational management; the development of new products and services; new marketing and sales programs, including a change in the corporate image; a time of crisis, financial as well political; and rapid growth and expansion.

Change is the norm but we often don't notice it until we can't hide from it. So, I suggest that we look at Transition from two vantage points. The first is the major "period of change" because it is easier to identify and to do something with. The second is to acknowledge that change happens every day.

**The Key Ingredient to Managing Change: The Employee Community**

In "periods of change," employees can contribute new ideas to increase operational effectiveness, bond together to help create an enhanced sense of team work, instill a new feeling of purpose and energy into a time of possible confusion and even chaos, and a sounding board for how the changes being implemented are really working.

Day-to-day, employees can be an "early warning system" for what and how change is occurring. They can bring forth the news from all aspects of the business so that it can be consolidated and looked at closely by management. This way "change" doesn't strike terror but becomes synonymous with opportunity.

**The Causes of Crisis and Why Employees Are So Important In Minimizing the Emergency**

There are many reasons for the Crisis or the Turnaround situation. Though the economy seems stable and growing, there are still businesses experiencing hardship. We can't illustrate all of the reasons for Crisis but we can focus on the ones most involved with the employees and what can be done about it.

The employee can have positive impact on these five causes of crisis:

- In attention to the Developmental Aspects of Corporate Growth—All companies grow, have growing pains, and make mistakes. In order to shift to the next level of development they must make substantial changes in themselves and their businesses. When developmental issues are not addressed, crisis becomes the central theme of the day.

- Lack of Concentration on the Part of Owners and Managers—The concept that we have succeeded, we have won, and because of that we can relax, and slow down is inaccurate. However, it happens. Managers and owners will often take their eye off the ball, buy that boat, build the house, or start a hobby. These are wonderful things. But, it is critical at the same time to make sure that someone else is minding the store.

- Allowing Nepotism and Favoritism to Occur—The right people the right job. When you don't live by that philosophy, you create an atmosphere of bifurcation between employees who really know what they are doing and others who merely gets by. The good ones read the writing on the wall and leave. The others stay and contribute to mediocrity.

- Inadequate Communication with Employees, Customers and Outside Resources—When people understand their roles and duties, when they feel understood and appreciated, when they feel considered, and when empowered by being on the team, then you have an environment for success. When you don't, you find confusion, rework, customer complaints, bad products, poor attitudes.

- Philosophical Discontinuity—The major cause of business failure is senior managers not philosophically aligned with each other or with the employee community. The most important belief conflicts contributing to crisis are:

  1) Treatment of employee—stick versus carrot;
  2) Incentives and compensation—motivation versus criticism;

3) Pricing, low-ball versus value-added;

4) Communication, only tell them what they need to know versus open book management;

5) Quality of product or service, attention to detail versus it-will-get-by, and

6) Spending money—investment versus save a buck.

The employees are not responsible for these "cause of crisis." However, their envolvement and support help mitigate and often eliminate the effect of these influences. Let's explore the following

- Inattention to phases of growth—the employees are much more in touch with the company's ups and downs, challenges and successes than management because they live them moment to moment. They can be a great asset in monitoring and resolving situations as they occur and not just when they are critical.
- Lack of concentration on the business—it may be time to take a well-deserved break and there might be people who could help run the business. Delegation, empowerment and training should be the order of the day.
- Nepotism and favoritism—it could be time to reward the ones who really do their jobs, it could be time to initiate a mentoring program where employees help train each other so that everyone has the tools and skills to do a good job. It could also be a good time to let some people go so that others can thrive-and you can too.
- Inadequate communication—this is the time to involve others more in the workings of the business. Become comfortable at giving bad news instead of running from it. We find that employees rarely run from a crisis. They usually see it coming and eagerly step forward to help when you let them know.
- Philosophical discontinuity—if you study and observe the employee base and ask open ended and dialoguing type questions you have a better chance of getting a picture of what the true philosophical dynamics are. You might also consider using the human resource department or an outside resource to assist in this area.

**In the next issue of *Action Items,* Part 2: Working with the Employee Community to Make Change Work.**

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# Involuntary Cash-Outs:
## *Take action before March 28, 2005*

*by Tobi Cogswell, Consulting Administrator*
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Every year we discuss involuntary distributions and the reasons you should cash-out terminated participants with account balances of less than $5,000. Some of those reasons are:

- The longer you wait, the greater the chance the participants will not be able to be located;
- If your participant count exceeds 120 at the beginning of the plan year, an audit will be required. Terminated participants with account balances are counted in this number. Audits can be costly and time-consuming;
- You may be paying recordkeeper fees to maintain these accounts. There has been some relief in that you can assess fees to terminated participants directly against their accounts, but that requires an amendment to the plan and notification to the employees.

Now there is another reason you should pay out terminated participants with small account balances as soon as possible. Effective March 28, 2005, involuntary cash-outs of account balances less than $5,000 will still be allowed, but accounts of between $1,000 and $5,000 will have to be rolled into IRA's, and invested appropriately.

To date there has been very little guidance in this area. It does seem that if your plan is already invested with a recordkeeper you have a better chance of implementing automatic rollovers than if you do not have an existing relationship with a recordkeeper. But why go through the trouble when you can make distributions to your terminated participants today?

ACI will be sending more information in the near future with regard to your options after March 28, 2005. You may wish to keep the involuntary cash-out language in your document. You also may reduce the involuntary cash-out amount to $1,000, or remove this language from your document altogether. Between now and then, however, if your document allows for it, try to pay as many terminees as possible. Contact your ACI plan administrator for guidance on how to accomplish this.

*Visit our website at **www.acibenefits.com**, or contact lace.greene@acibenefits.com for a brochure.*

*Action Items is published quarterly. If you would like to receive future publications of the newsletter, please contact Lace Greene.*

## "Phased Retirement": What it means to you

On November 15, the Treasury Department and IRS issued proposed regulations allowing pension plans to begin payments to employees as part of a phased retirement program. This would allow employees who are 59½ and older in an employment arrangement (formal or informal) to reduce their hours while in transition from full-time work to full-time retirement. Phased retirement can be in the form of part-time, seasonal or temporary work.

***What are the factors influencing Phased Retirement?***

- As the rate of slow growth in the workforce continues, employers are looking for ways to retain experienced employees.
- Earlier retirement has slowed, if not stopped, because people are working longer.
- Social Security retirement age will most likely surpass age 67.
- Many people would rather ease into retirement by transitioning to a lower workload than having a sudden end of work.
- Since Congress approved the elimination of the Social Security earnings test for people age 65 and older, retirees are free to work without losing their Social Security benefits. Also, the delayed retirement credit (a reward for delaying benefits past the normal retirement age) is being increased.
- More retirees are facing financial hardships and limitations which require them to work longer.

***What are the benefits of Phased Retirement?***

For employers:

- Employers are able to retain qualified personnel for positions that are difficult to fill.
- Reduced training costs.
- Payroll and benefit costs are reduced when an employee shifts from a full-time to part-time status.

For employees:

- Flexible work schedules
- An opportunity to transition into retirement.
- An opportunity to supplement retirement income or increase future retirement benefits by deferring current retirement income.

***What are the concerns?***

- Amending a defined benefit pension plan to implement a phased retirement program can impose new liabilities on the plan. If the plan is not designed to be actuarially neutral, then plan designs that permit an employee to work fewer hours may increase the plan's actuarial costs.
- When a retired employee receives both a pension benefit and a paycheck (known as "Double Dipping") it may cause a negative reaction among other plan participants.
- Due to the decrease in pay, spousal benefits may be reduced.

## IRS Announces Plan Limits for 2005

On October 20, the Internal Revenue Service announced the cost-of-living adjustments that will be applied to the dollar limits in all tax-qualified retirement plans in 2005. The limits apply to calendar year plans, and plans that have been amended for EGTRRA. If your plan has not been amended, or you have an off-calendar plan year end, contact your plan administrator to see if there are any changes to your plan.

**Defined Benefit Plan Limits**
The limitation on the annual benefit under a defined benefit plan increases from $165,000 to $170,000.

**Defined Contribution Plan**

*Individual Contributions*
The limitation on contributions made on behalf of an individual to a defined contribution plan increases from $41,000 to $42,000. Individuals will still be limited to contributions of 100% of compensation or $42,000, whichever is less.

*401(k) Deferrals*
This dollar limitation on employee deferrals into 401(k) plan increases from $13,000 to $14,000.

*Catch-Up Contributions*
For individuals age 50 and over, the catch-up contribution limit will increase from $3,000 to $4,000.

**Annual Compensation Limits**
The maximum annual compensation that may be recognized by a plan will increase from $205,000 to $210,000.

**Key Employees**
The dollar limitation for determining whether an employee is "Key" for officers in a top-heavy plan will increase from $130,000 to $135,000.

**Highly Compensated Employees**
The dollar limitation on compensation used to determine which employees are considered highly compensated will increase from $90,000 to $95,000. Thus, employees who earn in excess of $95,000 in the plan year beginning in 2005 will be considered highly compensated for the plan year beginning in 2006.

# Retirement Plan Basics:
## *Loans in retirement plans*

*Following is an excerpt from Retirement Plan Basics: An Administrator's Guide to Key Issues, a publication of ACI that addresses many of the complex issues associated with the maintenance of retirement plans. This article focuses on participant loans.*

***Why is this issue important?***
Retirement plans may represent a sizable accumulation of employer and employee assets. This money pool can be tapped by permitting loans to participants, but the loan program must be carefully designed and administered to avoid unexpected taxable income or even penalty taxes.

***How is a loan program adopted?***
The plan sponsor must formally adopt a Loan Policy and Procedure. It must be in writing and must be communicated to participants. It need not be part of the formal plan document. Procedures for loan applications must be provided, along with how interest rates will be determined, and events constituting loan default.

***What are the relevant tax rules?***
Generally, loans to retirement plan participants are taxable as ordinary income in the year the money is received unless the loan meets a series of requirements:

- The loan cannot exceed $50,000 or 50% of the participant's vested plan benefit (all loans from all plans are aggregated for this purpose)
- The loan must be repaid within five years, unless the loan is used to purchase a principal residence
- Level payments of principal and interest (no balloon payments) must be made at least quarterly

***What about penalty taxes?***
Loans between the retirement plan and plan participants are "prohibited transactions" unless they meet the following requirements:

- Available to all participants on a reasonable, equivalent non-discriminatory basis
- A commercially reasonable interest rate must be charged
- The loan must be adequately secured, which can include collateral in addition to 50% of the participant's vested benefit.

A loan viewed as a prohibited transaction is subject to a 15% annual excise tax (paid by the participant) and the IRS may impose an additional 100% tax if the loan is not promptly repaid.

***How to determine a loan's prevailing interest rate***
ERISA established that in order to maintain a qualified plan, the benefits must be maintained for the exclusive benefit of the participants. In order to protect the assets for the exclusive benefit of the participants, the assets must be invested prudently so as to experience a fair return at the prevailing rate. According to Department of Labor regulations, a reasonable rate of interest is "commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances." The prevailing rate offered by most Plan Sponsors is between 1 and 2 percentage points above the prime lending rate.

While offering loans for a set interest rate of 10% is allowable, if the prime interest rate moves up to 9.5%, the Department of Labor may deem that 10% is no longer a "reasonable rate of interest". At that point, in order to maintain the qualified status of your plan, you will need to amend the loan provisions to reflect a new "reasonable rate of interest". On the practical side, if your loan policy states 1 or 1 ½ or 2 points above the prime rate, there will be no need to amend your policy as the interest rate changes.

***Is loan interest paid deductible on the participant's personal tax forms?***
Interest on participant loan is considered to be consumer interest and is not deductible.

***How is a loan issued?***
The process for issuing loans will vary slightly depending upon your plan's unique features. When a participant requires a loan they submit an application. Generally, ACI will review the application, research if there are any outstanding loans, calculate the maximum loan available and prepare the promissory note, amortization schedule and payroll notification. The promissory note provides the details of the loan such as the interest rate, duration, loan amount and due date. The participant completes this paperwork by signing where indicated. In most cases, if the participant requesting the loan is married, his/her spouse must consent in writing to the granting of the loan. This consent must be notarized or witnessed by a plan representative. If the participant receiving the loan is not married, he/she should execute an affidavit stating that fact.

***How are loans repaid?***
Generally, loans must be repaid on a level-amortized basis over a period not to exceed five years. This term may exceed five years if funds are used by a participant to acquire the participant's principal residence. To assure a consistent repayment of loans, loan policies are set up to have the loan repayments made by payroll reduction. Specific loan repayment information is provided at the time that the promissory note has been completed.

***What happens to a loan in default?***

Loans not repaid per the terms of the promissory note are declared to be in default by the plan administrator. The outstanding balance of a defaulted loan is deemed to be taxable income. Proposed regulations require the plan administrator to establish uniform rules specifying when a default occurs. At a minimum, these rules must treat a loan as in default if a payment due in a calendar quarter remains unpaid at the end of the next calendar quarter.

# ACI In the News

## SPEECHES

On October 18th, Pat spoke at the California CPA Society's Employee Benefits Committee. His presentation, "*Avoiding DOL Investigations of Retirement Plans"* focused on the DOL's role in retirement plans, their investigation process, and how to avoid being on their investigation "hit list".

The University of Southern California presented Jack Cross with a Certificate of Appreciation for conducting a presentation for the USC Business Network on *"Year-End Tax Strategies: Qualified Retirement Plans."* The presentation took place on October 19 and focused on how large or small business owners can maximize deductions and benefits in a tax advantageous manner.

## ACI CLIENT EDUCATION SEMINARS

***2005 401(k) Basic Training: An Introduction to 401(k) Plan Operation.***

This educational presentation covers items such as non discrimination testing, employee deferrals and employer contributions, loans and distributions and payroll issues. This seminar is open to anyone who would like a better understanding of the administration of 401(k) plans. The following is the 2005 schedule. Please contact Lace.Greene@acibenefits.com to reserve a seat.

Thursday, January 20th from 9:00 AM to 12:00 PM
Tuesday, April 19th from 9:00 AM to 12:00 PM
Wednesday, July 20th from 9:00 AM to 12:00 PM
Thursday, October 20th from 9:00 AM to 12:00 PM

***Common Errors in Retirement Plans***

This presentation focuses on the most common operational errors in qualified retirement plans-issues clients should be made aware of before implementing a plan. This seminar will take place on at ACI in Torrance. The date is yet to be determined. Invitations will be sent to all clients and advisors once the date is finalized. If interested in attending, please contact lace.greene@acibenefits.com

***Continuing Education Presentations***

Each year, ACI prepares a number of presentations related to employee benefits and compensation issues. Many of the presentations are eligible for continuing education credit and have been presented at various professional conferences. For a complete list of ACI's 2005 presentation topics, go to our website at **www.acibenefits.com**.

**Los Angeles Benefits Conference**

The 2005 **Los Angeles Benefits Conference** (LABC) will be held on January 27-28 at the Hilton Los Angeles/Universal City in Universal City, CA. The conference is sponsored by:

- Pacific Coast Area Employee Plans, Tax Exempt/Government Entities Division, Internal Revenue Service
- American Society of Pension Professionals & Actuaries (ASPPA)
- National Institute of Pension Administrators (NIPA)
- Western Pension & Benefits Conference (WP&BC)

ACI's President, Pat Byrnes, is a founding co-chair of the Conference. It is an ideal forum to hear the latest information on pension plans, benefits regulations, litigation, enforcement and compliance. Prominent speakers from the IRS and DOL will be available to dicuss employee benefit issues with conference attendees.

For more information regarding the conference, log onto the ASPA web site at **www.asppa.org/labc.htm**.

## ELECTRONIC NEWSLETTER NOW AVAILABLE

ACI recently began distributing a free e-mail based newsletter on a bi-weekly basis to our clients and their advisors. The newsletters are tailored to each individual's interests and cover a broad range of employee benefits and tax-related issues. Unlike other newsletters, it's very short and unobtrusive. We wanted to extend this value-added service to you at no cost and provide you with short, well-written articles on timely subjects. If you would like to subscribe to ACI's bi-weekly electronic newsletter, please email your NAME, TITLE, COMPANY NAME and EMAIL ADDRESS to lace.greene@acibenefits.com. You will receive the newsletter every other week with the subject heading, *"Actuarial Consultants, Inc. Newsletter for (Date Released)."* You may unsubscribe at any time. Please note that e-mail addresses remain confidential.

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***From our office to yours***