



March 16, 2017
Volume 4, Issue 1

Does Your Plan Permit Hardship Withdrawals?

On February 23, 2017, the IRS issued examination guidelines to its field agents regarding the documentation that is needed when a hardship withdrawal is requested. In general, the participant can attest that they don't have any other resources to satisfy the need. However, the documentation must be provided to prove the reason and the amount of the need. The good news is if AMI serves as your FPA (Fiduciary Plan Administrator), our FPA procedures already comply with the exam guidelines. If your plan permits online self certification for hardship withdrawals, the sponsor will need to have procedures in place to be able to document the hardship requests should an audit occur. More information can be found at:

<https://www.irs.gov/pub/foia/ig/spder/tege-04-0217-0008.pdf>.

The following is a link to the most recent IRS newsletters:
<https://www.irs.gov/retirement-plans/employee-plans-news>

New Services from AMI

Videos: AMI has added two "Help" videos to our website, in English and Spanish, with a third video currently in production. The two videos available today include enrollment basics and investment basics. The video in production is a review of how to use the website.

iJoin: Shortly, participants will have access to a retirement planning tool called "iJoin". The tool will be available directly from their dashboard and will allow for insights into their retirement readiness that will help them decide how and where to save money.

Vesting on the Quarterly Reports: Effective with the 3/31/17 quarterly reports, vesting will be included and will be current as of the plan year listed. As the testing is completed each plan year, we will update the vesting on the quarterly reports. As always, vesting will be updated prior to any distribution being performed from the plan.

Emailing of Distribution Paperwork: AMI expects to be able to email distribution paperwork directly to participants, effective by May of 2017. An important note is that if a participant does not respond to the emailed paperwork within 60 days, AMI will snail mail distribution paperwork to the participant. Emailed paperwork does not meet the notice criteria unless the participant affirms in writing that they received the required notices by signing and returning the distribution forms.

Update to the Distribution Paperwork: Based on participant feedback and the new fiduciary rule (as it stands today), AMI re-vamped its entire distribution package. More explanations have been added to the forms and the paperwork has been broken into sections to more clearly define what needs to be completed, based upon the form of distribution.

Fiduciary Regulations: The DOL has issued regulations with regard to fiduciary reviews when a participant rolls money from a qualified plan to an IRA. As of today, the rules go fully into effect on 4/10/17. However, there may be a delay or a change to the rules. AMI is keeping abreast of these regulations and is ready to implement them as of 4/10/17, if necessary.

More Sponsor Reports to the Web: If AMI prepares the plan testing and 5500 for your plan, we will place a copy on the web for the plan sponsor and/or advisor to access when needed.

Summary Annual Report on the Web (SAR): As AMI prepares the updated 404a-5 notice, we are including a notice to the participants informing them how to access the SAR on the web and/or contact AMI for a free copy. Participants will also receive instructions on their quarterly reports.

The IRS has proposed new rules to allow forfeitures to be used for QNECs and QMACs. Information can be found at:

<https://www.federalregister.gov/documents/2017/01/18/2017-00876/definitions-of-qualified-matching-contributions-and-qualified-nonelective-contributions>

Medical Leave, Military Leave, Disability Leave

If you have a participant that goes out on Medical Leave, Military Leave or Disability Leave, please notify AMI:

1. When the participant contacts AMI, we will know his/her plan status and be able to answer questions accordingly.
2. We can notate that salary deferral contributions are not expected while on leave.
3. If the participant has an outstanding loan, loan repayments may be able to be suspended for a period of time.
4. If on military leave, the loan interest rate may be affected.
5. If on military leave, the participant may still be entitled to plan benefits.
6. If the participant qualifies for Social Security disability, this could affect his/her taxation of any cash distributions from the plan.

What Payroll Company do You Use?

Many payroll providers have a “portal” that outside service providers can use to directly download (and upload) data. For example, if a payroll company has 180° integration, AMI can download your 401(k) payroll data each pay, termination information each month, census data each open enrollment date and annual testing data (payroll and annual census) each plan year. If the payroll company has 360° integration, AMI can upload to them payroll deduction changes and loan repayment amounts. AMI does not charge any additional fees for this integration. If you would like to have AMI integrate with your payroll provider, please contact the payroll company for any paperwork that needs done on their end to setup AMI for integration. Once that is done, you or the payroll company may contact AMI and ask to speak to a member of the Plan Management Team to coordinate the integration setup. If your payroll provider does not have an integration portal, you may contact AMI for alternatives.

True-Ups

Many employers deposit their employer contributions (match, safe harbor, etc.) to the plan on a pay by pay basis. When you get to the end of the year, the plan testing is conducted. The majority of plan documents require annualized testing based on the full year compensation. If a participant changes their deferral amount mid-year, this may result in a “true-up” of the employer contribution from the pay by pay basis to the annual required deposit amount.

DOL Fiduciary Rule

On 4/8/16, the Department of Labor issued a final ruling with regard to Retirement Investment Advice. This new rule requires that financial advisors complete a “Best Interest Contract Exemption Form (BICE)” to demonstrate that a rollover from a qualified plan to an IRA is in the best interest of the participant. As a fiduciary to your plan, AMI will now be required to collect and review the BICE form for each participant electing an IRA rollover and review the BICE for compliance with the new rule.

Currently, full compliance with the rule goes into effect on 4/10/17. However, there may be a delay to the implementation to the rule and/or changes to the rules. As a result of this, the DOL has announced a Temporary Enforcement Policy regarding the rule. More information can be found at: <https://www.dol.gov/agencies/ebsa/employers-and-advisers/guidance/field-assistance-bulletins/2017-01>.

Annual Limits

The IRS annual limits can be found at:

<https://www.irs.gov/uac/new-sroom/irs-announces-2017-pension-plan-limitations-401k-contribution-limit-remains-unchanged-at-18000-for-2017>

AMI in the News:

<https://www.dol.gov/newsroom/releases/ebsa/ebsa20160608>

<https://www.dol.gov/ebsa/newsroom/2016/16-1115-ATL.html>

If you have any questions about this newsletter, you can email Pamela Bobersky, CEBS, RPA, QKA at pbobersky@amibenefit.com.

AMI Benefit Plan Administrators, Inc.
100 Terra Bella Drive
Youngstown Ohio 44505
330-406-9021
800-451-2865
FAX (Toll free): 1-866-436-6703
www.amibenefit.com