
the dana report

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ABOUT THE FIRMS

Dana Consulting Group, Ltd. and Jennings Law Firm, Ltd. were established to provide employers with a single source of comprehensive legal and consulting services relating to retirement plan and employee benefit matters.

QUOTES

Sometimes it is not good enough to do your best; you have to do what's required.

- Sir Winston Churchill

The secret of success is to do the common things uncommonly well.

- John D. Rockefeller, Jr.

I would rather fail in a cause that will ultimately succeed than succeed in a cause that will ultimately fail.

- Woodrow Wilson

Route To:

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2010 401k Plan Contribution Form

You can download a 401(k) Contribution Change form from our website at www.danaconsulting.com, under the Client Services tab. There are two forms, one with Roth contributions and one without Roth contributions.

You can download the form to your computer, enter your plan name and save the revised form. ■

2010 Retirement Plan Dollar Limits

We have updated our popular worksheet showing all of the applicable dollar limits relating to qualified retirement plans to include the 2010 amounts. The IRS left the 2009 limits unchanged for 2010.

As a sigh of relief, the Social Security wage base for 2010 remains unchanged at \$106,800.

The worksheet is under the Education Center tab of our website at www.danaconsulting.com ■

Form 5500 Filed Electronically

Many Forms 5500 filed after December 31, 2009 must be filed electronically. Certain returns or schedules will continue to be filed on paper format. We will be furnishing detailed instructions to our clients about the new rules.

Year End Tax Planning

2009 has been an extremely challenging year for many companies and "tax planning" may

seem out of place for many companies, but here are some things to be thinking about anyway:

1. There are ways to reduce employer contributions to your plan without wiping out contributions for your owners and other key employees. Many of these changes for 2009, however, must be reflected in plan amendments by December 31.
2. Does your safe harbor contribution election need to be modified?
3. What changes for 2010 should be made? Whether 2010 will be a repeat of 2009 or bring signs of improvement, is your retirement plan ready to respond to what lies ahead?
4. Some companies are continuing to experience a profitable year. Are you using your retirement plan to maximize your available tax deductions? Techniques like New Comparability and cash balance pension plans provide substantial tax savings for owners and key employees, without "breaking the bank" on required contributions for staff employees. ■

The Future of Employer Retirement Plans

According to a survey by Watson Wyatt, an employee benefits consultant, more employees with defined benefit plans (62%) are satisfied with their retirement

program compared with employees with only defined contribution plans (51%).

46% of respondents indicated they would be willing to increase their own contributions to ensure a guaranteed benefit in retirement. The survey also found that about 61% of respondents are using their employer-provided plan as their primary means of retirement income, and nearly one-third of respondents said they would not be saving for retirement without their employer's plan.

Comment: This survey contains several extremely important messages once you "read between the lines":

1. Americans want a secure retirement and are willing to pay for a guaranteed income source. They also know Social Security is broken and cannot be relied on. We are seeing more and more investment companies and financial writers discuss the concept of providing some kind of guaranteed retirement income out of a 401(k) plan account. This survey confirms that this is a concept that Americans are very interested in.

Comment: Ask your plan's financial advisor for information about these guaranteed retirement options. Your employees want to know about them.

2. For all the talk about 401(k) plans being "broken," Americans by a wide margin still view their company retirement plan as the best way to save for their retirement.

Before the "experts" conclude that the entire system needs to be torn down and rebuilt, ask Americans what they really want.

3. Many business owners think their employees don't appreciate their retirement plan and are not that interested in saving for retirement. To those owners you may not be hearing your employees correctly, American workers are deeply interested in saving for their retirement but they need help. They need help to save more. They need help to make the right investment decisions in their plan accounts. They are willing to pay more if they can secure a better retirement.

An effective retirement plan is a plan customized for all employees. The owners and key employees have a certain set of objectives; your rank and file employees have another set of objectives. An inexpensive "one size fits all" approach does not work. When we talk with our clients, the owners genuinely care about their employees. They truly want to see their employees have full and prosperous lives and ultimately retire with security and dignity. Your company retirement plan for many of your employees will be their only source of retirement income beyond Social Security.■

To Our Partners in the Financial Services Industry

A vitally important role your financial advisor provides to your retirement plan is assisting the trustees with evaluating and benchmarking your plan's

investment menu. They help the trustees answer questions like:

- Are my funds continuing to achieve their stated objective?
- How do my funds compare with comparable funds?
- What fees are being charged and are they reasonable?

Prudent fiduciary governance requires a written process and regular evaluations. We have added to our website under the Advisor Services tab an excellent article prepared by the law firm of Reish & Reicher. We strongly encourage all financial advisors who work with qualified plans to review this article.■

Fiduciary Insurance vs. ERISA Fidelity Bonds

ERISA requires fiduciaries to be bonded but does not require fiduciaries to carry insurance to protect themselves. What is the difference between a bond and insurance? We have placed an excellent article discussing these two kinds of protections on our website at www.danaconsulting.com under the Education Center.

As a reminder to plan sponsors, Form 5500 season is approaching and the form asks whether the plan has obtained an ERISA fidelity bond. Now is the time to be reviewing whether you have a bond and if the amount of the bond meets applicable requirements. If you are a firm client, feel free to contact your administrator at our office at (312) 332-7733 if you have any questions about your bond.■



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