

1) Department of Labor grants safe harbor for deposit of employee contributions

*We like to think everything we tell you is important, but if you've never paid attention to anything before **please** play attention to this!!!*

The DOL recently issued proposed guidance stating that depositing employee deferrals (401(k) contributions) within 7 business days will be considered timely. We have been urging our clients to make deposits shortly after each payroll, and now we have a "bright line" standard (and we think it is fair). If you're doing this monthly, or "whenever you feel like it," you won't get a lot of sympathy from us if the DOL catches you. Remember that if the participants did not make contributions, you'd owe the money to them in their paychecks, so saying "we're short on cash" is **not** a valid excuse.

If you can't handle this timeframe, you should seriously re-consider whether you should have a 401(k) plan at all. No joking.

The guidance officially applies to plans with fewer than 100 participants as of the beginning of the year. If you're over that limit, we (continue to) recommend that you make your deposits within a day or two of the pay dates.

2) EGTRRA documents available soon

Long-time clients are familiar with the need to "restate" (completely re-write) plan documents periodically, to conform plans to changes in tax laws and regulations. We're nearly ready for the next round, which will cover the last major tax act, EGTRRA (the Economic Growth and Tax Relief Reconciliation Act of 2001) and some subsequent legislative and regulatory activity. We have approximately two years to complete the restatements, and will be contacting you individually with details of the modifications and pricing.

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