

## **The election and its effect on national retirement policy:**

President Obama is likely to propose early on some significant policy initiatives. Health care reform is expected to be the first “big ticket” item. He also is expected to pursue some major retirement policy ideas. In particular, it’s anticipated that he will push the Auto-IRA proposal that would require most employers without a qualified retirement plan to offer employees a payroll-deduction IRA, as well as an expansion of the current-law SAVER’s credit for lower income workers.

These major policy initiatives of the Obama Administration are going to be expensive from a budgetary perspective. That means that once again the retirement plan system will be examined for possible revenue raisers. In fact, it’s anticipated that our nation’s retirement plan system will come under a level of scrutiny we have not seen since the 1980s. Everything is likely to be reviewed, including qualified plan limits, the nondiscrimination rules (i.e., new comparability), coverage rates, vesting, and eligibility rules. Simply put, we are bracing for what will likely be an interesting and challenging new Congress. We are expecting an increased level of legislative activity not only because of proposals flowing from the new Obama Administration, but also because the strengthened Democratic majorities in the House and Senate will make enacting legislation easier.



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Chris is currently working toward the Qualified 401(k) Administrator (QKA) designation through the American Society of Pension Actuaries. Chris is an avid cyclist and competed in this year’s Tour de Pennsylvania.

## **EGTRRA DOCUMENT RESTATEMENTS UNDERWAY**

There are numerous federal requirements that are necessary in order for an employer to sponsor a qualified retirement plan. One of the most fundamental requirements is that all qualified plans maintain a written plan and trust document. There are no exceptions to this requirement.

Pension law is constantly changing and these changes likely affect your plan document. Federal regulations are added and changed frequently, almost annually, over the past several years. Rather than require employers to draft new plan documents each time the law changes, Plan sponsors are permitted to adopt “Good-Faith” and “snap-on” amendments to reflect changes in the law. (We typically provide these annually at no charge to plan sponsors).

However, about every 6 to 7 years, the IRS requires that plan sponsors “restate” their plan documents onto a new Plan document, in order to capture all of these snap-on amendments into one document. This restatement period is upon us and sponsors using our pre-approved prototype document will have until the end of the first quarter in 2010 to redo their plan documents.

**ASPPA—the American Society of Pension Professionals & Actuaries**—is the premier national organization for career retirement plan professionals. The membership is comprised of the many disciplines supporting retirement income management and benefits policy. Members are part of the diversified, technical, and highly regulated benefits industry. ASPPA represents the most committed individuals of the profession—those who have made a career of retirement plan and pension policy work.

The purpose of ASPPA is twofold:

1. To educate retirement plan and benefits professionals
2. To preserve and enhance the private pension system

Based in the nation’s capital, ASPPA is a non-profit professional organization acting on behalf of its 6,000+ members to improve retirement income policy. In pursuit of these goals, ASPPA offers extensive educational opportunities for its members—from professional credentialing to continuing education. ASPPA Government Affairs department keeps a close watch on all legislative and regulatory activities affecting retirement benefits and pension policy.

ASPPA was founded in 1966 originally as an actuarial organization. Since then, ASPPA has carefully tracked the changing needs of the retirement plan industry. As a result, ASPPA has expanded and diversified its membership to include all types of pension professionals—from actuaries, consultants, and administrators to insurance professionals, financial planners, accountants, attorneys, and human resource managers. Embracing diversity, the 6,000+ members of ASPPA are united by their commitment to the private pension system.





The grand staircase in the Capitol Rotunda leads to the Legislative chambers, the House on the right and the Senate to the left. The spectacular dome rises 272 feet from the ground and weighs 52 million pounds. The Rotunda is lit by almost 4,000 lights.



The State Capitol of Pennsylvania, located in downtown Harrisburg, Pennsylvania, is the seat of government of the Commonwealth of Pennsylvania. The Capitol houses the Pennsylvania General Assembly and chambers for the Supreme Court of Pennsylvania (which also has chambers in Pittsburgh and Philadelphia), as well as the offices of the Governor, Lieutenant Governor and other state officials.

Since its construction in 1906, the Capitol has remained a "palace of art" as envisioned by its creator, architect Joseph M. Huston. The state Capitol was architecturally inspired by St. Peter's Basilica in Rome, and many consider it the pinnacle of the Commonwealth as the finest state capitol building in the United States. The brilliantly restored rotunda and Senate and House of Representatives Chambers are particularly exquisite spaces adorned with marble, murals, gold leaf and stained glass.

The first member of the Baby Boomer generation became eligible to collect social security in this past year. This generation was aptly named for the spike in birth rates spanning the two decades following the conclusion of World War II. As a result of the increase in births during those years, we now are witnessing the beginning of what will be a retirement wave composed of greater numbers of people than ever before in the history of the country. The Boomers number an estimated 76 million people.

## FEDERAL DOLLAR LIMITS

	2005	2006	2007	2008	2009
401(k) Elective Deferrals	\$ 14,000	\$15,000	\$15,500	\$15,500	\$16,500
Catch-up Contributions	4,000	5,000	5,000	5,000	5,500
Defined Benefit Plans	170,000	175,000	180,000	185,000	195,000
Defined Contribution Plans	42,000	44,000	45,000	46,000	49,000
Annual Compensation Limit	210,000	220,000	225,000	230,000	245,000
Highly Compensated Employee	95,000	100,000	100,000	105,000	110,000
SIMPLE Retirement Accounts	10,000	10,000	10,500	10,500	11,500
SIMPLE Catch-up	2,000	2,500	2,500	2,500	2,500
SEP Coverage	450	450	500	500	550
SEP Compensation	210,000	220,000	225,000	230,000	245,000
Social Security Wage Base	90,000	94,200	97,500	102,000	106,800

We are proud sponsors of the Harrisburg City Islanders. The City Islanders are entering their 6th season in the USL-2 professional soccer league.

