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## RESTATING YOUR PLAN

Dear Brenda,

If you are receiving this newsletter, chances are you have a retirement plan you offer to your employees. As we had mentioned in prior newsletters, your plan document must be restated with the new Internal Revenue Service (IRS) regulations sometime within the next year in order to remain in compliance. This is a result of the Economic Growth and Tax Relief Tax Reconciliation Act of 2001 (EGTRRA).

Some EGTRRA provisions in your restated plan will include the addition of catch-up contributions, the increase in 415 maximum contribution limits, the increase in elective deferral limits, accelerated vesting and the increase in the maximum compensation considered for contributions. Some provisions will need to be done in two stages due to poor drafting of the regulations.

### Plan Changes to Consider

This is an opportune time to make plan changes, both large and small, to adjust provisions to your specifications. Now may be the right time to consider adding auto-enrollment, a feature now permitted by the Pension Protection Act of 2006. You may also want to consider changing provisions for loans, hardship withdrawals or in-service distributions.

It may also make sense to adjust the plan's contribution rules. If your plan is having trouble passing testing or highly compensated employees are not able to contribute much to the plan, adding a safe harbor, new comparability and/or Social Security integration can help mitigate these problems.

You may also consider the recently approved Roth 401(k) deposit option. This can be a valuable tool for employees who will be in a high tax bracket during retirement or have low tax rates now.

Since a plan restatement can be considered a costly (albeit mandatory) process, now is the perfect time to discuss your various plan options with your Retirement Plan Consultant in our office. Changes to the provisions of your plan may make

it more flexible and in the end, more tailored to your individual goals as an employer.

**Sincerely,**

Dr. Ronald K. Stair  
Creative Plan Designs, Ltd.

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Creative Plan Designs, Ltd. | 90 Merrick Avenue, Suite 102 | East Meadow | NY | 11554