

Employee Benefit Updates February 16, 2010

HLB Tautges Redpath, Ltd.

Timing of Participant Contributions Clarified

The Department of Labor recently clarified the time period for remitting participant contributions to small retirement plans (under 100 participants) and welfare benefit plans. Participant contributions have been due on the earliest date on which the amounts could be segregated from the employer's general assets. Now, plan sponsor contributions are considered timely if they are remitted within seven business days from the date they can be segregated from the employer's general assets (i.e. withheld from the employee's wages).

We recommend that all employers/plan sponsors (large and small) remit participant contributions, to the respective plans, as soon as possible after they are withheld from payroll to avoid noncompliance. Penalties for noncompliance are severe.

Please contact Christine Bentson, CPA, RPA, CEBS, at cbentson@hlbtr.com or 651-407-5808 with any questions.

Form 5500 Requires Electronic Filing

Electronic filing of Form 5500 is now required for all Employee Retirement Income Security Act (ERISA) plans with plan years beginning after December 31, 2008. If HLB Tautges Redpath acts as your third party administrator, you will receive instructions for a smooth transition to electronic filing. There will be required action that preparers and plan sponsors will need to take to complete the electronic filing.

Clients will receive electronic filing instructions from our office via email. If you have any questions, please contact Christine at cbentson@hlbtr.com or 651-407-5808.

In accordance with the Internal Revenue Service Circular 230, any tax advice included in this written or electronic communication (including attachments) was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency.