

## Buck Consultants Summary of Pension and Retirement Legislation in the 111<sup>th</sup> Congress

Bill	Summary	Status
<p><b>Preserve Benefits and Jobs Act of 2009</b>  <b>H.R. 3936</b>  <b>Pomeroy (D-ND)/Tiberi (R-OH)</b></p>	<p><b>Single Employer Plans</b></p> <p>Allows a defined benefit plan sponsor to elect one of two alternatives for 2008 investment losses:</p> <ul style="list-style-type: none"> <li>• Delay the seven year amortization period for two years, and for 2009 and 2010 pay interest only on the 2008 losses; however, the 2009, 2010 and 2011 contributions must be at least 105%, 110% and 115% of the 2008 minimum contribution, respectively; or</li> <li>• Amortize the 2008 losses over 15 years.</li> </ul> <p>If a plan sponsors elects either option, the maintenance of effort will apply (for 2 (interest only option) or 8 years (15 year option), and the plan sponsor must:</p> <ul style="list-style-type: none"> <li>○ Continue to provide benefit accruals;</li> <li>○ Make a 3 percent nonelective contribution to the defined contribution plan if the defined benefit plan is frozen; or</li> <li>○ Freeze all nonqualified deferred compensation plans for key employees and subject them to the restriction that apply to the defined benefit plans that cover rank and file employees.</li> </ul> <p>Expands the asset smoothing corridor from 10 to 20 percent for 2009 and 2010.</p> <p>Allows the plan's 2008 funded status to be used to determine if the benefit restrictions that freeze benefit accruals that are 60 percent funded for 2009 and 2010.</p> <p>Allows the plan's 2008 funded status to be used for the purpose of prohibiting the use of credit balances for plan's that are less than 80</p>	<p>Introduced on October 27, 2009 and referred to Education and Labor Committee and the Committee on Ways and Means.</p>

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	<p>percent funded in the prior year for 2009 and 2010.</p> <p>Clarifies that plan investment expenses are not included in a plan's normal target cost.</p> <p>Modifies the 4010 filing requirements to require filings for plans that are less than 80% funded and replace this requirement to apply to plans that are less than 90% funded.</p> <p>Delays the benefit restriction effective date for collectively bargained plans until plan years beginning after 12/31/2011.</p> <p>Exempts the Social Security level options from the benefit restriction limitation for lump sums.</p> <p>Changes the PBGC guarantee date to the date of plan termination rather than the date that a plan sponsor enters bankruptcy.</p> <p>Applies the funding relief provisions and maintenance of effort provisions to plans not yet subject to the Pension Protection Act of 2006 ("PPA") (limited to the deficit reduction contribution rules under the pre-PPA funding regime).</p> <p>Restricts lump sum payments under an early retirement window, unless the plan (including the additional benefits) is at least 120% funded.</p> <p>Creates a special rule for the treatment of PBGC reportable events based on a specific reduction in active participants.</p> <p><b>Multiemployer Plans</b></p> <p>Adjustments to funding rules:</p>	

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	<ul style="list-style-type: none"> <li>• Alternatives for funding existing liabilities: Allows a plan to either 1) have a fresh start of the amortization of all charges and credits in the funding standard account over a new 30 year period; or 2) separately amortize over a 30 year period the investment losses that are incurred in a two year period beginning after August 31, 2008 and before September 1, 2010. However, to take advantage of this, a plan must have a certification from its actuary that it is projected to have sufficient assets to pay expected benefits and anticipated expenditures over the amortization period.</li> <li>• Expands the automatic extension of amortization periods from 5 years to 10 years.</li> <li>• For 2009 and 2010 losses, allows a plan to utilize a 10 year smoothing period for the actuarial value of assets.</li> <li>• For 2009 and 2010, plan valuations may use 130% smoothing for the actuarial value of assets.</li> </ul> <p>Adjustments to PPA Zone rules:</p> <ul style="list-style-type: none"> <li>• For plans in endangered or critical status: <ul style="list-style-type: none"> <li>• Extends the rehabilitation period or funding improvement by five years, net of any WRERA extension.</li> <li>• Exempts Social Security level income options from the benefit payment restrictions for plans in critical status.</li> </ul> </li> </ul> <p>Provisions Concerning Plan and Participant Protections:</p> <ul style="list-style-type: none"> <li>• Authorizes the PBGC to facilitate plan mergers if the PBGC determines that the transaction is reasonably expected to</li> </ul>	

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	<p>reduce the PBGC's long term losses.</p> <ul style="list-style-type: none"> <li>• Provides for PBGC partition relief for plans that are severely burdened by retiree and/or inactive participants due to a reduction in contributing employers (PBGC takes on the responsibility of paying these "orphaned" benefits).</li> <li>• Increases, generally, the PBGC guarantee level for multiemployer plan participants to product of the participant's year of service by the sum of:               <ul style="list-style-type: none"> <li>• 100 percent of the accrual rate up to \$11,</li> <li>• Plus 75 percent of the lesser of:                   <ul style="list-style-type: none"> <li>○ \$33, or</li> <li>○ The accrual rate, if any, in excess of \$11,</li> </ul> </li> <li>• Plus 50 percent of the lesser of:                   <ul style="list-style-type: none"> <li>▪ \$40 or</li> <li>▪ The accrual rate, if any, in excess of \$44.</li> </ul> </li> </ul> </li> </ul>	
<p><b>Pension Benefit Guaranty Corporation Governance Improvement Act of 2009</b>  <b>S. 1544</b>  <b>Kohl (D-WI)</b></p>	<ul style="list-style-type: none"> <li>• Amends the Employee Retirement Income Security Act (ERISA) with respect to the composition of the board of directors of the Pension Benefit Guaranty Corporation (PBGC).               <ul style="list-style-type: none"> <li>○ Provides that the PBGC Board must consist of:                   <ul style="list-style-type: none"> <li>▪ The Secretary of Treasury</li> <li>▪ The Secretary of Labor (serves as chair of the Board)</li> </ul> </li> </ul> </li> </ul>	<p>Introduced on July 30, 2009 and referred to the Health, Education, Labor and Pension (HELP) Committee.</p>

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	<ul style="list-style-type: none"> <li>▪ The Secretary of Commerce</li> <li>▪ A member that is a representative of employers offering defined benefit plans</li> <li>▪ A member that is a representative of organized labor and employees</li> <li>▪ 2 other members</li> <li>○ Provides the following rules for Board members who are Cabinet Secretaries:                             <ul style="list-style-type: none"> <li>▪ Such members must designate in writing an official, not below the level of Assistant Secretary, to serve as the voting representative of such member of the Board.</li> <li>▪ Such members shall serve without compensation, but can be reimbursed for necessary expenses incurred in the performance of their Board duties.</li> </ul> </li> <li>○ Provides the following rules for Board members who are not Cabinet Secretaries:                             <ul style="list-style-type: none"> <li>▪ Such members are appointed by the President with the advice and consent of the Senate. The President is required to designate one of these members as vice-chair of the Board.</li> <li>▪ No more than two of such Board members can be affiliated with the same political party.</li> <li>▪ Such members cannot have a direct financial interest in the decisions of the PBGC.</li> </ul> </li> </ul>	

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	<ul style="list-style-type: none"> <li>▪ Such members, with respect to services performed on the Board, are to be compensated at a rate fixed by the PBGC which is not in excess of the daily equivalent of the annual rate of basic pay in effect for grade GS-18.</li> <li>○ Provides that the Inspector General of the PBGC reports to the Board and must, at least twice a year, attend a Board meeting and report on the activities and findings of the Inspector General.</li> <li>○ Provides that the General Counsel serves as secretary of the Board.</li> <li>○ Provides that the Board must meet at least 4 times per year with a quorum of at least 5 members.</li> <li>○ Provides that the Director of the PBGC and members of the Board must agree in writing to recuse himself or herself from participation in activities which present a potential conflict of interest or appearance of such conflict.</li> </ul>	
<p><b>Retirement Account Freedom Act of 2009</b>  <b>H.R. 3309</b>  <b>Hoekstra (R-MI)</b></p>	<ul style="list-style-type: none"> <li>• Amends the Internal Revenue Code (Code) to waive the 10 percent penalty on distributions from an individual retirement plan, or from amounts attributable to employer contributions made pursuant to elective deferrals during periods of high unemployment (national rate of unemployment is at least 7 percent).</li> </ul>	<p>Introduced on July 29, 2009 and referred to the Committee on Ways and Means.</p>
<p><b>401(k) Fair Disclosure and Pension Security</b></p>	<p><b>Service Provider Disclosures to Plan Sponsors</b>                  Before entering into a contract to provide services to a plan (if the annual</p>	<p>Introduced on June 23, 2009 and referred to the House Education and</p>

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<p><b>Act of 2009</b>  <b>H.R. 2989</b>  <b>Miller (D-CA)</b></p>	<p>services equal or exceed \$5,000), the service provider must provide a written statement to the plan administrator reasonably in advance of entering into the contract or arrangement that:</p> <ul style="list-style-type: none"> <li>• Describes the services that will be provided;</li> <li>• Provides the expected total annual charges, including a reasonable allocation of the total annual charge attributable to: <ul style="list-style-type: none"> <li>○ Investment management;</li> <li>○ Recordkeeping and administration;</li> <li>○ Transaction based charges; and</li> <li>○ Any other charges.</li> </ul> </li> <li>• Lists the total investment management or recordkeeping and administration charges either as a dollar amount or a percentage of plan assets or an estimate (based on the prior year or compared to a comparable plan) of the charges; however, transaction based charges must be itemized separately as dollar amounts or as percentages of the applicable base amounts.</li> <li>• Discloses the following: <ul style="list-style-type: none"> <li>○ Payments in connection with providing services to the plan from a person other than the plan or plan sponsor (either the actual amount or the formula used to determine the amount);</li> <li>○ The extent to which the service provider may benefit from offering its own proprietary investment products or those of third parties, including cross-selling affiliated products or services to the plan sponsor or participants;</li> <li>○ That share classes of mutual funds may be different</li> </ul> </li> </ul>	<p>Labor Committee and the Committee on Ways and Means.</p> <p>On June 17, the House of Representatives Education and Labor Subcommittee on Health, Employment, Labor and Pensions approved the committee's revised versions of H.R. 1894 and 1988 (later combined to form H.R. 2989) by a vote of 13 to 8 and referred the bills to the full committee for future consideration.</p> <p>The House Education and Labor Committee approved H.R. 2989 on June 24, 2009 by a vote of 29 to 17.</p>

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	<p>outside of the plan;</p> <ul style="list-style-type: none"> <li>○ Whether the service provider receives consideration for free or discounted services to the plan from charges against individual accounts; and</li> <li>○ A description of any applicable prohibited transactions related to the services.</li> </ul> <p>The information may be provided by an unaffiliated person regulated by the state or federal government, unless the service provider knows or has reason to know the information is incorrect.</p> <p>The statement must be provided annually and when there is a material change.</p> <p>Nothing in these provisions would affect a fiduciary's other obligations under the ERISA.</p> <p>There is a penalty of \$1,000 per day per participant for each day the disclosure is not provided, with a total maximum of 10 percent of the amount involved, as determined by the Secretary of Labor.</p> <p>These provisions would apply to contracts or arrangements for services entered into one year after the date of the Act's enactment.</p> <p><b>Plan Sponsor Disclosures to Plan Participants</b></p> <p><i>Investment and Fee Disclosures</i></p> <p>Within a reasonable period (but generally not less than 10 days) before the initial investment or any material change in investment options (or within a reasonable period for automatic contribution arrangements or immediate participation), the plan administrator must provide a participant with a notice containing:</p> <ul style="list-style-type: none"> <li>• Which charges (direct and indirect) for each investment option are</li> </ul>	

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	<p>payable by the participant and how they are paid;</p> <ul style="list-style-type: none"> <li>• For each investment option:                             <ul style="list-style-type: none"> <li>○ The name;</li> <li>○ The investment objective of the option;</li> <li>○ The risk level;</li> <li>○ Whether the option is diversified or should be combined with other options;</li> <li>○ Whether the option is actively or passively managed and the difference between the types of management;</li> <li>○ Where and how additional plan specific, option specific and generally available investment information regarding the option may be obtained; and</li> <li>○ A statement that investments should not only be selected on the charges for each option, but also on the basis of other factors.</li> </ul> </li> <li>• A chart comparing all services or investment charges that are or will be assessed against the account (or estimates of the fees) that:                             <ul style="list-style-type: none"> <li>○ Vary depending on the investment option selected, including expense ratios and investment-specific asset-based fees;</li> <li>○ Are assessed as percentage of the total assets in the account, regardless of the investment option selected;</li> <li>○ Are administration and transaction based fees, including fees charged to participants to cover plan administration, compliance and recordkeeping costs, plan loan fees, redemption fees, and surrender charges;</li> </ul> </li> </ul>	

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	<ul style="list-style-type: none"> <li>○ Any other fees that may be deducted from the account; and</li> <li>○ A comparison of the amount of the fees assessed and a history of the returns, net of fees and expenses for the previous year, 5 years, and 10 years or since inception.</li> </ul> <p>The notice may be provided in electronic form.</p> <p>A penalty of \$100 per day per plan participant for failing or refusing to provide the notice to a participant can be assessed.</p> <p><i>Quarterly Disclosures</i></p> <p>The legislation amends the current quarterly statement requirements for participant directed plans to require the statement to include:</p> <ul style="list-style-type: none"> <li>○ The starting balance of the account;</li> <li>○ Employee and employer contributions during the quarter;</li> <li>○ Investment earnings and losses during the quarter;</li> <li>○ Actual, estimated and any other charges during the quarter;</li> <li>○ The ending balance;</li> <li>○ The participant's asset allocation for each investment option; and</li> <li>○ How to obtain the most recent updated version of the plan fee comparison chart.</li> </ul> <p>The plan administrator also may include the following:</p> <ul style="list-style-type: none"> <li>○ The historic return and risk of each investment option; and</li> <li>○ The estimated amount that the participant needs to contribute or save each month to retire at Social Security retirement age.</li> </ul>	

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	<p>The notice may be provided electronically.</p> <p>A penalty of \$100 per plan participant may be assessed for not providing the quarterly statement.</p> <p><b>Minimum Investment Option</b></p> <p>To meet the requirements of ERISA Section 404(c), a plan must offer at least one investment option that:</p> <ul style="list-style-type: none"> <li>• Is a passively managed investment fund with a portfolio of securities designed to be representative of the performance of the United States equity market or the United States investment grade bond market, or a combination of both; and</li> <li>• Is described in the plan without endorsement from the plan sponsor or United States government.</li> </ul> <p>An investment will not fail to satisfy the above requirements solely by reason of a failure to invest in all or substantially all equities or bonds in such market if the methodology used to select the equities and bonds is designed to approximate in a reasonable manner the broad experience of such market.</p> <p>This section would apply to plan years beginning after one year after the date of the Act's enactment.</p> <p><b>Prohibition of Conflicted Investment Advice</b></p> <p>Amends the investment advice provisions of Pension Protection Act (PPA) to allow investment advice from either:</p> <ul style="list-style-type: none"> <li>• An investment adviser who: <ul style="list-style-type: none"> <li>○ Does not provide or manage investments under the plan;</li> <li>○ Receives fees that are not received from any person that</li> </ul> </li> </ul>	

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	<p>markets, sells, manages or provides investment in which plan assets of the individual account plan are invested or that do not vary based on the option selected and are either a flat dollar amount or percentage or on a per participant basis;</p> <ul style="list-style-type: none"> <li>○ Has a written agreement to provide the advice with the plan fiduciary; and</li> <li>○ Provides participants with certain disclosures.</li> </ul> <ul style="list-style-type: none"> <li>● A computer model that: <ul style="list-style-type: none"> <li>○ Utilizes generally accepted investment theories and participant information;</li> <li>○ Takes all plan investments into account;</li> <li>○ Is certified by an eligible investment expert;</li> <li>○ Is authorized by the plan fiduciary;</li> <li>○ Is audited annually for compliance; and</li> <li>○ Provides certain disclosures to plan participants.</li> </ul> </li> </ul> <p>Applies to plan years beginning one year after the date of the enactment of this Act.</p> <p><b>Expansion of Outreach to Promote Retirement Income Savings</b></p> <ul style="list-style-type: none"> <li>● Requires establishment of a program under which employees are provided information and materials: <ul style="list-style-type: none"> <li>○ Informing them of resources available for attaining financial literacy with respect to investment for retirement;</li> <li>○ Educating them about the importance of personal finance,</li> </ul> </li> </ul>	

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	<p>saving for retirement and choosing independent investment advisers; and</p> <ul style="list-style-type: none"> <li>○ Educating them about debt obligations, the relationship of debt to savings and the potential consequences of debt with respect to savings for retirement.</li> <li>• Employers will be enlisted to participate in this program.</li> </ul> <p><b>Transitional Funding Relief for Defined Benefit Plans</b></p> <p><i>Election to Use Yield Curve</i></p> <ul style="list-style-type: none"> <li>• Amends ERISA and the Code to provide that an election to use the yield curve, once made, can only be revoked with the consent of the Secretary of Treasury, except for elections made with respect to plan years beginning in 2009 which may be revoked for plan years beginning in 2010 without consent. <ul style="list-style-type: none"> <li>○ Amendments apply to plan years beginning after December 31, 2009.</li> </ul> </li> </ul> <p><i>Extended Period for Single-Employer Defined Benefit Plans to Amortize the Shortfall Amortization Base for 2009 and 2010</i></p> <ul style="list-style-type: none"> <li>• Requires employers to pay interest on their plans' 2008 losses for two years to prevent the plans' shortfall from growing. The seven-year amortization of those losses would not begin until the expiration of those two years. This provision would apply to plan years beginning after December 31, 2008.</li> </ul> <p><i>Effective Date of Regulations</i></p> <ul style="list-style-type: none"> <li>• Assures that final regulations under Code Section 430 and 436 (funding requirements and benefit restrictions) will be effective no earlier than plan years beginning after December 31, 2009, and a</li> </ul>	

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	<p>reasonable interpretation standard will apply before the effective date.</p> <p><i>Clarification of Treatment of Expenses</i></p> <ul style="list-style-type: none"> <li>Clarifies that technical corrections to the PPA did not require plan investment expenses to become a current-year cost by changing “plan-related expenses” to “plan-related administrative expenses.”</li> </ul> <p><i>Information Reporting</i></p> <ul style="list-style-type: none"> <li>Provides that plans must report to the PBGC if a plan has underfunding of at least \$50 million or is less than 80 percent funded (adding back in the pre-PPA provision effective for years beginning after 2009).</li> </ul> <p><i>Five-Year Extension of Automatic Amortization Extension Period for Multiemployer Plans</i></p> <ul style="list-style-type: none"> <li>Extends, for multiemployer plans, the rehabilitation period and the funding improvement period by 5 years.</li> </ul>	
<p><b>Defined Contribution Plan Fee Transparency Act of 2009</b>  <b>H.R. 2779</b>  <b>Neal (D-MA)</b></p>	<p><b>Service Provider Disclosure to Plan Sponsors</b></p> <p><i>Initial Disclosure</i></p> <p>Before entering into a contract with a plan, the service provider must provide the plan administrator:</p> <ul style="list-style-type: none"> <li>For contracts that provide both investment management and administration and recordkeeping, an estimate of the total fees and expenses expected to be paid by the plan for investment management and administration and recordkeeping. Service providers who do not separately allocate fees may provide a good faith allocation of the costs.</li> </ul>	<p>Introduced on June 9, 2009 and referred to the Committee on Ways and Means.</p>

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	<ul style="list-style-type: none"> <li>• An itemized list of the services provided to the plan.</li> <li>• A schedule of fees and expenses associated with participant-initiated transactions and services that may be deducted from a participant's account.</li> <li>• A statement of whether the service provider expects to remit fees, including commissions, finders fees, sales loads and charges, to one or more third-party service providers or intermediaries and the amount expected to be paid, if the amount exceeds \$5,000.</li> <li>• A statement of whether the service provider expects to receive compensation from sources other than the plan or plan sponsor and the amount and source, if the amount exceeds \$5,000.</li> <li>• A statement of whether the service provider may benefit from offering its own propriety investment products or those of a third party.</li> <li>• A statement that the investment options available to the plan may be offered at different price levels to parties other than the plan.</li> </ul> <p>A service provider may use good faith estimates if the basis of the estimates are disclosed.</p> <p><i>Periodic Disclosure</i></p> <p>The service provider must provide to the plan administrator the following information by the due date for filing the Form 5500:</p> <ul style="list-style-type: none"> <li>• Fees and expenses the plan paid to the service provider including an itemization of:</li> </ul>	

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	<ul style="list-style-type: none"> <li>○ For contracts that provide investment management and administration and recordkeeping, the total fees and expenses for investment management and administration and recordkeeping.</li> <li>○ The services provided to the plan.</li> <li>○ The fees and expenses associated with participant-initiated transactions and services that were deducted from a participant's account.</li> <li>○ Any fees, including commissions, finder's fees, sales loads and charges, remitted to one or more third-party service providers or intermediaries.</li> </ul> <p>Fees and expenses may be expressed as a dollar amount or percentage of assets.</p> <p><i>Penalty</i></p> <p>\$1,000 for each day of noncompliance, but not more than the lesser of:</p> <ul style="list-style-type: none"> <li>○ 10 percent of plan assets; or</li> <li>○ \$1,000,000.</li> </ul> <p>Each violation with respect to each defined contribution plan would be treated as a separate violation.</p> <p>No penalty will apply if the service provider acted reasonably and provides the information within 90 days of the due date.</p> <p><b>Plan Administrator Disclosure to Plan Participants</b></p> <ul style="list-style-type: none"> <li>● Investment Disclosures <ul style="list-style-type: none"> <li>○ Explanation of the plan's fees and expenses (either as a</li> </ul> </li> </ul>	

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	<p>dollar amount or percentage), such as:</p> <ul style="list-style-type: none"> <li>▪ The annual total operating expenses for each designated investment alternative, and, if applicable, that these pay for services other than investment management.</li> <li>▪ Annual fees and expenses for administration and recordkeeping that are deducted from or reduce a participants account, including the method used to allocate fees and expenses among participants.</li> <li>▪ Fees and expense associated with participant-initiated transactions, and how the participant may obtain more information about such fees.</li> <li>▪ Any other fees and expenses that may be deducted from or reduce the participant's account.</li> </ul> <p>○ A description of the investment alternatives, including:</p> <ul style="list-style-type: none"> <li>▪ A general description of the investment objectives and strategies, risk and return characteristics, the name of the investment manager;</li> <li>▪ Whether the investment is actively or passively managed in relation to an index and the difference between actively and passively managed;</li> <li>▪ Whether the investment is a stand-alone investment for retirement;</li> <li>▪ The rates of return for the investment over the past 1, 5 and 10 year period;</li> <li>▪ The name and returns of a broad-based securities</li> </ul>	

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	<p>market index that generally is not administered by the service provider over the past 1, 5, and 10 year period;</p> <ul style="list-style-type: none"> <li>▪ Fees and expenses connected with the purchase or sale of the investment alternative; and</li> <li>▪ A statement of where and how additional investment alternative information may be obtained.</li> </ul> <ul style="list-style-type: none"> <li>○ The way to make elections among the investment alternatives and any limitations on elections such as transfer restrictions.</li> <li>○ A statement explaining that investment alternatives should not be selected only based on low fees, but other factors should be considered such as the objectives of the investment alternative, risk, rates of returns and personal investment objectives.</li> <li>○ The statement must be provided at a reasonable time before the initial investment of any contribution to each employee eligible to participate in the plan. However, the Secretary of the Treasury will issue regulations with respect to plans that provide automatic enrollment or immediate eligibility.</li> <li>○ The statement may be provided with other notices.</li> </ul> <ul style="list-style-type: none"> <li>• Quarterly Notices             <ul style="list-style-type: none"> <li>○ The plan administrator must provide quarterly notices that include:                     <ul style="list-style-type: none"> <li>▪ The different asset classes in which the account is</li> </ul> </li> </ul> </li> </ul>	

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Bill	Summary	Status
	<p>invested and the percentage allocated to each class as of the last day of the quarter;</p> <ul style="list-style-type: none"> <li>▪ The total administrative, recordkeeping, participant-initiated transaction and any other fees that were deducted for the quarter (either as a dollar amount or percentage);</li> <li>▪ With respect to each investment in which the participant was invested:                             <ul style="list-style-type: none"> <li>• The percentage of the account invested in each investment alternative;</li> <li>• Whether the investment alternative is passively or actively managed;</li> <li>• A statement of the investment's risk and return characteristics;</li> <li>• The total annually operating expenses for the investment alternative;</li> <li>• Fees and expenses in connection with the purchase or sale of the investment alternative that have been deducted from the participant's account.</li> </ul> </li> <li>▪ A statement explaining that investment alternatives should not be selected only based on low fees, but other factors should be considered such as the investment objectives, risk, rates of returns and personal investment objectives; and</li> <li>▪ A statement of how a participant may obtain the information that must be disclosed initially and</li> </ul>	

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Bill	Summary	Status
	<p>annually regarding the investment alternatives.</p> <ul style="list-style-type: none"> <li>• Service Provider Fee Disclosures <ul style="list-style-type: none"> <li>○ The plan administrator must provide participants a copy of any statement (as described above) received from the service provider within 30 days of receipt.</li> </ul> </li> <li>• Investment Option Changes <ul style="list-style-type: none"> <li>○ The plan administrator must provide an advance notice of any changes in the investment alternatives and the notice must contain the information required to be in the initial and annual investment notices.</li> </ul> </li> </ul> <p><b>Penalty</b></p> <p>An employer for a single employer or the plan for a multiemployer plan is subject to a \$100 per day per participant or beneficiary penalty from the period beginning on when the notice should have been provided and ending on the date that it was provided or the failure was corrected.</p> <p>The penalty annually will not exceed the lesser of 10 percent of plan assets or \$500,000.</p> <p>No penalty will apply if the person subject to the penalty acted reasonably and corrected any failure within 90 days of the date it should have been provided.</p> <p>A plan administrator may rely on information provided from a service provider unless the plan administrator knows or reasonably should know that the information is inaccurate or incorrect.</p> <p><b>Disclosures in General</b></p> <p>No later than six months after enactment, the Secretary of the Treasury must issue final regulations that provide that a required notice under Code</p>	

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Bill	Summary	Status
	<p>Sections 401(a), 403(a) and (b), 408(k), 408(p) and 457(b) is provided in writing if:</p> <ul style="list-style-type: none"> <li>• The applicable notice is posted on a secure Web site;</li> <li>• A notice of the availability is provided in writing or as otherwise allowed under Treasury regulations; and</li> <li>• The notice states that the participant may request a written copy at no charge.</li> </ul>	
<p><b>Retirement Security Needs Lifetime Pay Act of 2009</b>  <b>H.R. 2748</b>  <b>Pomeroy (D-ND)</b></p>	<p><b>Gross Income Tax Exclusion for Annuity Payments</b></p> <p>The exclusion applies to payments from annuity contracts (50 percent of the payments, up to \$10,000 annually), IRAs and qualified plans (other than defined benefit plans) (25 percent of the payments, up to \$5,000 for an individual return and \$10,000 for joint returns annually).</p> <p><b>Longevity Insurance</b></p> <p>Any value attributable to longevity insurance is disregarded in determining the value of an employee's interest before the first date payments are made under the longevity insurance. This means that it would not be subject to the required minimum distributions, until payments are actually made. Longevity insurance must be payable no later than 12 months after the employee turns 85.</p> <p><b>Partial Annuities</b></p> <p>The bill clarifies that annuity payments from partially annuitized contracts receive the same tax treatment as any other annuity payments.</p>	<p>Introduced on June 8, 2009 and referred to the Committee on Ways and Means.</p>
<p><b>No Title</b></p>	<p>Eliminates the required minimum distribution rules for 2009 and 2010.</p> <p>Raises the age for required minimum distributions from age 70 ½ to age</p>	<p>Introduced on May 21, 2009 and referred to the Committee on Ways and Means.</p>

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Bill	Summary	Status
H.R. 2637 Sensenbrenner (R-WI)	75.	
<b>Savings Recovery Act of 2009</b> H.R. 2021 Boehner (R-OH)	<p>Defined Contribution Plans:</p> <ul style="list-style-type: none"> <li>Increases the IRA and Simple Retirement Plan contribution amounts to the current amount for elective deferrals.</li> <li>Increases the amount of elective deferrals to \$33,000 for 2009, 2010 and 2011.</li> <li>Increases the annual additions to \$65,500 for 2009, 2010 and 2011.</li> <li>Increases the catch-up contributions to \$10,000 for 2009, 2010 and 2011.</li> <li>Eliminates the required minimum distribution rules for 2009, 2010, 2011 and 2012.</li> </ul> <p>Defined Benefit Funding Relief:</p> <ul style="list-style-type: none"> <li>Widens the corridor from 10 percent to 20 percent for 2009 and 2010.</li> <li>Allows plan losses to be amortized over nine years with interest only payment for the first two years.</li> </ul>	Introduced on April 22, 2009 and referred to the Committee on Ways and Means.
<b>Defined Contribution Fee Disclosure Act of 2009</b> S. 401	<p><b>Service Provider Disclosures to Plan Sponsors</b></p> <p>Before entering into a contract to provide services to the plan (if the annual services are the greater of \$5,000 or .01 percent of plan assets and the services are paid for from plan assets), the service provider must provide a written statement to the plan administrator reasonably in advance of</p>	Introduced on February 9, 2009 and referred to the Senate HELP Committee.

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Bill	Summary	Status
Harkin (D-IA)	<p>entering into the contract that:</p> <ul style="list-style-type: none"> <li>• Describes the services and identifies any other entity that will provide services;</li> <li>• Provides the expected total annual charges including a reasonable allocation of the total annual charges attributable to: <ul style="list-style-type: none"> <li>○ Investment management;</li> <li>○ Recordkeeping and administration;</li> <li>○ Sales, commissions, and advisory services; and</li> <li>○ Any other charges.</li> </ul> </li> <li>• Lists annual charges as either a dollar amount or by a formula and may be estimated (with a revised contract if the estimate was materially incorrect); and</li> <li>• Discloses the following: <ul style="list-style-type: none"> <li>○ Any payment in connection with providing services to the plan from a person other than the plan or plan sponsor (including offering investment options and whether the service provider uses its own proprietary investment products);</li> <li>○ Any financial or personal relations with the plan sponsor, the plan or another person providing service to the plan if the relationship results in the service provider receiving additional material benefits;</li> <li>○ Similar relationships as determined by the Secretary of the Department of Labor (DOL);</li> <li>○ That share classes of mutual funds may be different outside of the plan; and</li> </ul> </li> </ul>	

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	<ul style="list-style-type: none"> <li>○ Whether the service provider receives consideration for free or discounted services to the plan from charges against individual accounts.</li> </ul> <p>The statement must be provided annually and when there is a material change.</p> <p>The plan sponsor or plan administrator must provide a copy of the service provider statement to participants or beneficiaries within 30 days of a written request and a \$100 per day penalty per participant may be assessed by the Secretary DOL.</p> <p>The Secretary of DOL may assess a \$100 per day per participant penalty against the service provider for not providing the plan administrator with the written statement.</p> <p><b>Plan Sponsor Disclosures to Plan Participants</b></p> <ul style="list-style-type: none"> <li>• <i>Investment and Fee Disclosures</i></li> </ul> <p>Fifteen days before the initial investment or any material change in investment options (or within a reasonable period for automatic contribution arrangements), the plan administrator must provide a participant with a notice containing:</p> <ul style="list-style-type: none"> <li>• The names of the options;</li> <li>• The investment objectives of the options;</li> <li>• Whether the option is a comprehensive investment option designed to achieve long-term retirement security or whether it should be combined with another option;</li> <li>• Whether the option is actively or passively managed;</li> <li>• A comparison to a nationally recognized market-based index or other investment option that is recommended in the industry as a</li> </ul>	

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Bill	Summary	Status
	<p>benchmark;</p> <ul style="list-style-type: none"> <li>• Where other investment information may be obtained;</li> <li>• The historic return and percentage of fees assessed against the amount invested under that option;</li> <li>• A statement that investments should not only be selected on the level of fees, but also on the basis of other factors;</li> <li>• A chart comparing all investment option fees (or estimates of the fees) that:                             <ul style="list-style-type: none"> <li>○ Vary depending on the investment option selected, including expense ratios and investment-specific asset-based fees;</li> <li>○ Are assessed as a percentage of the total assets in the account, regardless of the investment option selected;</li> <li>○ Relate to administration or are transaction based fees, such as plan loan origination fees; and</li> <li>○ Any other fees that may be deducted from the account.</li> </ul> </li> </ul> <p>The notice may be provided in written, electronic or other appropriate form.</p> <p>The Secretary may assess a \$100 penalty per participant per each day the notice is not provided.</p> <p><i>Quarterly Disclosures</i></p> <p>The legislation amends the current quarterly statement requirements for participant directed plans to require the statement to include:</p> <ul style="list-style-type: none"> <li>○ The starting balance of the account;</li> <li>○ The participant's vesting status;</li> </ul>	

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	<ul style="list-style-type: none"> <li>○ Employee and employer contributions during the quarter;</li> <li>○ Interest earnings during the quarter;</li> <li>○ Actual or estimated fees for the quarter;</li> <li>○ The ending balance;</li> <li>○ Asset allocation, including the current asset value, changes in the value, and the net return;</li> <li>○ The performance of the investment options compared to at least one nationally recognized benchmark;</li> <li>○ The historic return and risk of each investment option; and</li> <li>○ The estimated amount that the participant needs to save each month to retire at age 65.</li> </ul> <p>Upon request, the plan administrator must provide information on the service fees charged (or an estimate of the fees) against the participant's account for a quarter.</p> <p>A penalty of \$100 per plan participant may be assessed for not providing the quarterly statement.</p>	
<b>Untitled</b> <b>H.R. 882</b> <b>King (R-NY)</b>	Raises the age of required minimum distributions from 70 ½ to 75 for qualified retirement plans, 403(b) plans, 457 plans and IRAs.	Introduced on February 4, 2009 and referred to the House Ways and Means Committee.
<b>Retirement Account Distribution Improvement Act of</b>	Amends the required minimum distribution provisions by: <ul style="list-style-type: none"> <li>• Extending the Worker, Retiree and Employer Recovery Act's (WRERA) required minimum distribution waiver provisions for qualified</li> </ul>	Introduced on January 6, 2009 and referred to the Senate Finance Committee.

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<b>2009</b> <b>S. 157</b> <b>Snowe (R-ME)</b>	<p>defined contribution plans, 403(b) plans, 457 plans and IRAs for 2008, 2009, and 2010.</p> <ul style="list-style-type: none"> <li>• Allowing individuals who have already taken a required minimum distribution in 2008 and early 2009 to re-contribute such amounts to a retirement account by July 1, 2009.</li> </ul>	
<b>Protecting Seniors' Nest Egg Act of 2009</b> <b>H.R. 424</b> <b>Murphy (R-PA)</b>	<p>Extends WRERA's required minimum distribution waiver provisions to 2010.</p>	<p>Introduced on January 9, 2009 and referred to the House Ways and Means Committee.</p>
<b>Pension Security Act of 2009</b> <b>H.R. 712</b> <b>Castle (R-DE)</b>	<p>Requires defined benefit plans to identify each hedge fund in which the plan was invested as of the end of the plan year on the annual report.</p>	<p>Introduced on January 27, 2009 and referred to the House Education and Labor Committee.</p>

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