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SPECTRA INSIGHT



Valuable Links:

- United States Department of Labor web site.
<http://www.dol.gov/opa/media/press/ebsa/EBSA20100056.html>



Special DOL Rule Announcement!

Small Pension & Welfare Plan Safe Harbor Rule Change

US Department of Labor issues final safe harbor rule on employee contributions to small pension and welfare plans.

WASHINGTON — The U.S. Department of Labor today announced the publication of a final rule to protect employee contributions deposited to small pension and welfare benefit plans with fewer than 100 participants by providing a safe harbor period of seven business days following receipt or withholding by employers.

“This rule will give employers greater clarity in remitting participant contributions to small pension and welfare plans in a timely manner,” said Phyllis C. Borzi, assistant secretary of labor for the department’s Employee Benefits Security Administration. “We estimate participant accounts could grow by \$19 to \$44 million as a result of these rules.”

Currently, employers of all sizes must transmit employee contributions to pension plans as soon as they can reasonably be segregated from the general assets of the employer, but no later than the 15th business day of the month following the month in which contributions are received or withheld by the employer. The latest date for forwarding participant contributions to health plans is 90 days from the date on which such amounts are received or withheld by the employer.

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The final rule amends the participant contribution rules to create a safe harbor period under which participant contributions to a small plan will be deemed to comply with the law if those amounts are deposited with the plan within seven business days of receipt or withholding. The final rule is consistent with the proposed rule. The department did not expand the safe harbor to cover plans with 100 or more participants due to a lack of information and data sufficient to evaluate current practices of such employers and assess the costs, benefits and risks to participants associated with extending the safe harbor to large plans.

The final rule is to be published in the Jan. 14, 2010, edition of the *Federal Register* and will be effective on the date of publication.

For additional information, please contact your Spectra Management retirement plan advisor.

Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed.



SAFE HARBOR RULE UPDATE SPECTRA INSIGHT

Spectra Management is redefining employee benefits. Originally established in 1986, the company has a track record of providing local businesses with innovative health insurance, savings and retirement plans that make sense today—and for years to come. Unlike other employee benefits companies, Spectra Management does not provide clients with cookie-cutter packages. Rather, Spectra's highly experienced staff works hand in hand with its clients to develop tailor-made solutions designed to strengthen employee security and well-being. Whether you're a business owner, a human resource director, or a company employee, Spectra Management can help ensure confidence in the benefit selection and management of your benefits package.