

EGTRRA/PPA Restatement Opportunities for Plan Sponsors

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In light of pension law changes — including the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Pension Protection Act of 2006 (PPA) — all qualified retirement plan sponsors must amend/restate their plans before January 31, 2011 with each plan's deadline determined by the cycle established by the IRS. Failure to abide by this Internal Revenue Service (IRS) requirement may put a plan at risk for disqualification, which could result in significant tax liability and penalties for you and your plan participants.

This summary offers an overview of the restatement requirements as well as the opportunities that they present for plan sponsors. Your financial professional can provide additional information and support to help you understand these changes and fulfill your obligations in a timely manner.

How Did EGTRRA and PPA Change the Way I Operate My Plan?

Pension law changes over the past several years — including EGTRRA and PPA — resulted in many changes in the way you are required to operate your qualified retirement plan.

The changes include, but are not limited to, the following:

- Increased employee deferral limits
- “Catch-up” contributions for individuals age 50 and over
- Faster vesting for certain types of plan contributions
- Enhanced plan portability with liberalized rollover rules for various plan types
- Modified plan compliance testing rules
- New Roth IRA and Roth 401(k) deferrals within plans
- Expanded safe harbors using auto-enrollment features
- Qualified default investment alternatives (QDIA) for extended fiduciary protection

With these changes also come opportunities to enhance plan design by making several optimal features available. Now is an ideal time for you to work with your financial professional to review your plans and consider changes that may enhance your plan performance.

Did You Know?

...61% of plan sponsors have considered a change to their plans' default investment funds?

...28% of plan sponsors are interested in adding Roth contributions to their 401(k) plans?

...26% of plan sponsors want to add an automatic enrollment feature?

Source: 2008 401(k) Benchmarking Survey, Deloitte Consulting, LLP, July 2008.

About BlackRock

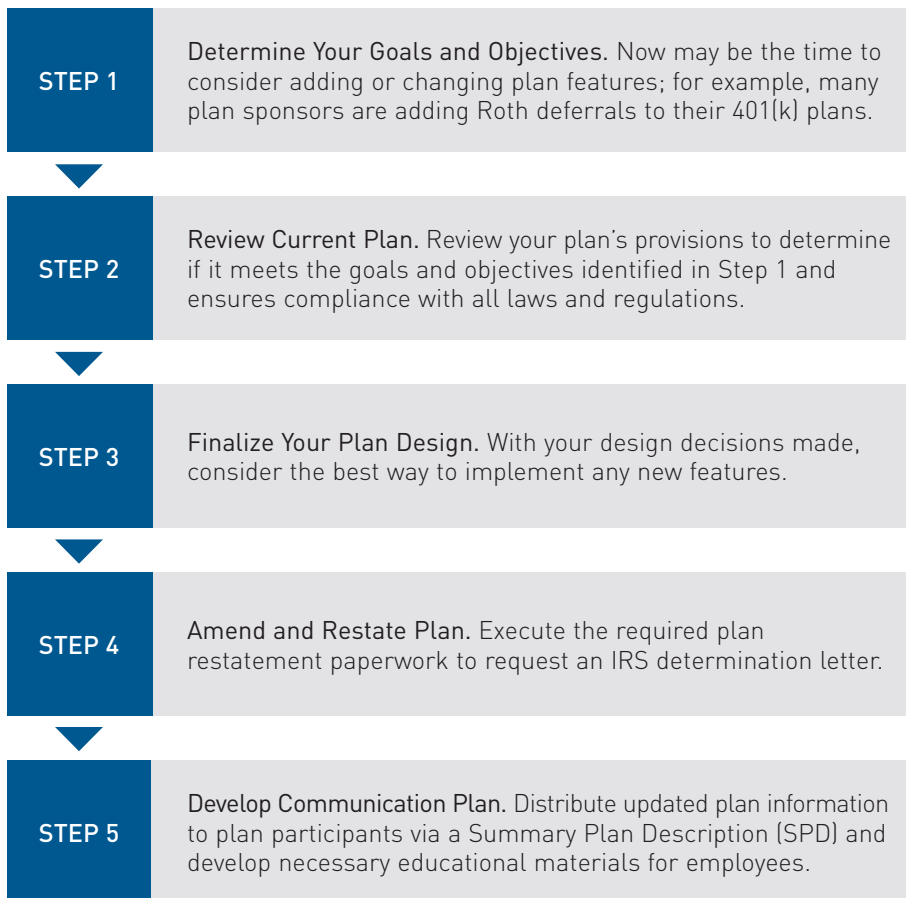
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What Is the EGTRRA Restatement Process?

The EGTRRA Restatement Process is a complex task involving many constituents. The process includes reviewing current plan provisions and then incorporating new provisions as required by EGTRRA, to arrive at a final plan design. To ensure an amended plan's determination letter is still favorable with the IRS, retirement plan sponsors are required to apply to the IRS for a new determination letter after any plan changes have been made. Summarized below are highlights of the basic steps to complete the amendment/restatement process. Your financial professional along with your legal and retirement specialists can be invaluable resources throughout the process.



What Should I Do Next?

Contact your financial professional, who can help provide answers to many of your plan restatement questions. Specific items to address with your financial professional include the following:

- ▶ What are your needs and goals with regard to the plan?
- ▶ Are the current investment options suitable for the group?
- ▶ Do you have a QDIA that is appropriate for your employees?
- ▶ Are the participant education programs current and effective?

Remember, all sponsors of qualified retirement plans must restate their plans for recent law changes. Therefore, now is the optimal time for you to review your plan and make the required changes, along with other optional changes, to help ensure your plan meets your goals and objectives and the goals and objectives of your employees.

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