

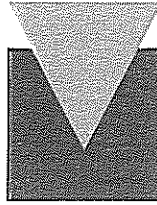
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Metro News, Report #71 April 22, 2009

To our clients and friends:

This is another in a series of newsletters designed to keep you clearly informed of current events in the area of employee benefits.

Update on Economic Downturn - Cost Controls:

While the impact of the market slump is clear on the investment side (“how about my 201 (k)?”), there may be other side effects and opportunities.

Over the past few years, there has been a (somewhat) invisible shift in how expenses for plan administration are paid, from the employer bearing cost to the employees. This is because some of the investment companies are now sending us “rebate” checks for your plans. Whenever we receive these funds, we credit them against your invoices. (Exception: certain rebates designated as “plan implementation credits” are kept by Metro, so we can keep our set-up charges reasonable).

The “opportunity” is that if your fund is not on this type of investment vehicle (industry buzzword = “platform”), you may wish to discuss this with your plan advisor. These rebates generally range from .05% to .15% of plan assets. (Example: A \$3,000,000 plan might create an annual rebate of \$2,000, leading to significantly discounted administrative fees).

Beyond that, we continue to strive for efficiency in plan administration. Part of this effort is delegating less complex tasks more efficiently (within Metro), so we can perform them at lower billing rates. This helps us keep our fees down. Please call your Managing Consultant if you’d like to discuss these issues further.

Current Events Update:

The Obama administration is pushing for a new law that would require that every employee (at all employers) have an opportunity to save via payroll deduction. Support appears to be building. An employer could meet the obligation either by having a “qualified plan” (i.e., profit

sharing, 401(k), pension), or by allowing employees to contribute to an IRA. The goal is to encourage more Americans to save for retirement.

On a related topic, Congress authorized “automatic enrollment” 401(k) plans a few years ago. If the employer selects this option when designing its plan, then all employees would automatically contribute to the plan (salary deferral by payroll deduction), unless they opt out. A new idea being debated is whether this design feature should be mandatory for all 401(k) plans.

The advantage of this approach (again) is that it would “push” more employees to save. Potential downsides include administrative problems that may arise when employees want to opt out (they get a refund if they opt out within 90 days of enrollment- a potential hassle), plus the philosophical question of whether we want a “mommy” telling us what is best for us.

Do you have an opinion?

Nice Going, Mike!:

Please join me in congratulating Mike Steve on passing his final ASPPA exam. Mike will now be a Certified Pension Consultant. We have been fortunate enough to have Mike with us for nine years. Mike is an extremely valuable Senior Analyst at Metro - organized, hard working, happy/pleasant, and smart! (The perfect employee!)

Note all the professional designations on our letterhead. That is not an accident - it is our business model.

Update on Plan Documents:

Each of you should have received a letter (dated 7/11/08), describing our restatement procedures and fees. As a reminder, the IRS requires that all plan documents be “restated” (entirely re-done) every 6 years (or so), so this is it!

While our original letter suggested a 4/30/10 deadline, we now understand that most plans will need to be done by 12/31/09. For those of you whose plan documents we are responsible for, we’ll be back to you by then (goal = 12/1/09 to avoid stress). If someone else does your plan document, you should check in with them.

The annoying thing about this is that, in addition to the periodic restatements, the IRS also requires (almost) annual amendments to the plans, to keep up with new legislation. This creates the worst of both worlds (restatements + amendments = fees). They do not care about you. We continue to work through our professional association to lobby Congress and the IRS on this.

Does your bonus pay go into your 401(k)?:

Be careful about this. Most plans require that 401(k) deferral withholding be applied to an employee’s bonus, unless a one-time election (in writing) is made by the employee to withhold something different or nothing at all. This is determined by how your Plan Document is written.

This nuance is on the IRS' radar. Therefore, you should check your plan document or call us with questions before providing a bonus. (But congratulations on your bonus!)

Football Actuarial:

The NFL's 2-point conversion has created many more opportunities for "unusual" scores. Remember how the Steelers' 11-10 victory over San Diego had never happened before? Apparently, much uncharted territory remains. According to *USA Today*:

- 8 new scores happened last season
- If you stop counting at a score of 50-50, then 402 combinations (out of 1275 possible) have never occurred
- A team scored 4 points only once (1923)
- The 6 most common scores are:
20-17, 17-14, 27-24, 13-10, 24-17, and 0-0 (I guess this used to happen a long time ago!)

Ok, now it's your turn:

- ♦ What are you thinking about right now?
(Quick e-mail to david@metrobenefits.com)
- ♦ What can Metro Benefits do better to meet your needs?
- ♦ Have a Good Spring!

Good Luck!

David

Best Wishes, David M. Lipkin, F.S.A., Editor

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