

New Regulations for Nonprofits with Retirement Plans

Q: What kind of retirement plans are affected by these new Pension Protection Act rules and new IRS requirements?

A: All ERISA-covered plans, including 401k's, 403b's, SEP-IRA's and SIMPLE-IRA's.

Q: When do the changes go into effect?

A: Some of the rule changes are already in effect. Others, that apply to 403b plans, go into effect 1/1/09.

Q: Are the penalties impressive enough for me to be concerned?

Yes, failure to comply could result in personal liability to the fiduciary (plan administrator), possibly to your board of directors, and could lead to employee-driven law suits.

Q: Is this going to mean more work for us?

A: Possibly. For some it may mean more work load in-house and for others, it may be more a matter of finding and employing some of the resources that are available out there.

Q: Can't my current provider just handle all this?

A: Your current provider can certainly partner with you as you "embrace" these changes, but the liability resides with your organization. You will want to make sure that your provider is making your liability load as light as possible, but depending upon how your plan is structured, they may not be able to substantially lighten the burden on you.