Plan Sponsor Monthly
from McCready and Keene, Inc.

Important approaching deadlines

November 2, 2015

- **Approximately 60 days prior to 12 month deadline to complete testing:** Deadline for employer to submit census data to ensure completion of 2014 actual deferral percentage and actual contribution percentage testing before December 31, 2015.

November 16, 2015

- **Approximately 45 days prior to beginning of next plan year:** Deadline to submit request to add safe harbor or automatic enrollment provisions to your plan.

December 1, 2015

- **Same date for all plan years:** Deadline for the submission of distribution forms for annual required minimum distributions (RMDs) that are due December 31 and for first year RMDs for individuals who turned 70½ during 2015 and must receive an RMD by April 1, 2016.
- **Month prior to beginning of next plan year:** Deadline for distributing the following annual notices for 2016 to participants:
    - Participant fee disclosure*
    - Safe harbor
    - Qualified default investment alternative
    - Automatic contribution arrangement
    - Eligible automatic contribution arrangement
    - Qualified automatic contribution arrangement

* Participants and beneficiaries with the right to direct investment of assets in their account must receive a fee disclosure on or prior to the date they can first direct investments, then annually thereafter. New participant fee disclosures must be distributed 30-90 days prior to certain changes.

December 15, 2015

- **11 ½ months after plan year-end:** Deadline to distribute the 2014 Summary Annual Report to participant if the Form 5500 filing deadline was extended.

If your plan year begins on a date other than January 1, please make adjustments to the dates to coincide with your plan year. Not all deadlines are based on the plan year. Examples of deadlines not based on the plan year include return of excess deferrals (April 15), required minimum distributions (April 1) and Form 5330 filing for prohibited

transactions (last day of the 7th month after the end of the tax year of the employer or other person who must file the Form 5330.) Under Internal Revenue Code section 7503, when a deadline falls on a weekend (i.e., Saturday or Sunday) or a legal holiday, the performance of such acts shall be considered timely if completed the next business day. However, corrective distributions should be processed the day before the weekend or legal holiday.

November 2015

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AUL Fixed Interest Account information

If your plan has the AUL Fixed Interest Account (FIA), the AUL Alternate Fixed Fund (AFF) or the Stable Value Account (SVA) as an investment option, we will be mailing letters in November to plan sponsors. The letters will disclose the updated guaranteed benefit interest rates for calendar year 2016. As outlined in your Services Agreement and Fee Disclosure document, we will credit interest amounts at rates determined and declared in advance and all rates will be equal to or greater than applicable minimum guaranteed interest rate.

If you have participant communications or other materials that list the interest rates, please make sure that they reflect the updated interest rates.

November 2015

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Repayment rights for re-employed participants in defined contribution plans

If a participant terminates employment before becoming fully vested and receives a distribution of their vested benefit, the portion of the benefit that is not vested is forfeited. If the participant is re-employed within five years, the participant must be given the opportunity to repay the distribution and "buy-back" the forfeited benefit. The amount that must be repaid will be specified by the plan. It will either be the full amount of the distribution including any amounts attributable to accounts that were fully vested (e.g., deferrals) or only the vested portion of any account that was not fully vested that is to be restored. The full amount of the distribution is the more common requirement. No interest is charged on the amount repaid by the participant. The participant must make the repayment prior to the fifth anniversary of his or her re-employment date.

November 2015

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Information for plans that use OneAmerica for plan document preparation

In preparation for plan year-end for calendar year plans, please keep the following in mind:

Year-end amendment deadline:
For calendar year plans, amendment requests for plan changes that must be signed by year-end need to be submitted to the OneAmerica home office no later than December 14, 2015. This is the latest date we can accept an amendment request and ensure timely preparation of the plan amendment for your signature on or before December 31, 2015. However, if you are converting your 401(k) plan to a safe harbor plan or adding automatic enrollment features to your plan, the deadline is November 16, 2015.

Important: If you currently have a 401(a) pre-approved plan (such as our volume submitter document) and you haven't executed your restated Pension Protection Act (PPA) documents, then you must first complete the execution of all documents before you may submit an amendment request. If our records indicate that your restated documents have not been executed, we cannot accept an amendment request.

If your restated PPA documents were executed prior to December 8, 2015, then requests must be submitted through your assigned OneAmerica transition manager or plan manager. If you want to request to convert to a safe harbor plan design or add automatic enrollment features, your PPA documents must be executed prior to November 16, 2015. Examples of plan changes to be effective January 1, 2016, that need to be signed by year-end include, but are not limited to:

- Increasing contribution allocation requirements
- Changing the contribution allocation formula(s)
- Changing the plan compensation definition
- Excluding employees from participation
- Increasing or decreasing plan eligibility requirements

Contact your plan manager or OneAmerica transition manager today to begin discussing any possible changes you would like to make.

November 2015

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Pension Protection Act restatement signatures

When you completed your Plan Information Questionnaire, you indicated the individuals who would electronically sign your restated plan documents. Beginning November 23, 2015, we will no longer accept electronic signatures. If all signatures have not been received electronically by November 23, 2015, you will not be able to execute your document with an electronic signature. In December we will begin sending PDF versions of your restated plan documents to you. Please:

- Print all documents
- Obtain all necessary signatures with dates (remember to sign the adoption agreement first or ensure all documents are signed the same day)
- Return to OneAmerica

Please note that if all of the required electronic signatures have not been obtained, you will receive PDF versions of your restated plan documents. In other words, individuals who previously signed the documents electronically, will be required to sign all of the printed documents. All documents must be executed (i.e., signed) and returned by April 30, 2016.

November 2015

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Participant notices for plans with employer securities as an investment option

Plans that contain publicly traded employer securities (company stock) as an investment option must distribute a Notice of Your Rights Concerning Employer Securities to participants 30 days prior to the date they are eligible to diversify out of employer securities. The notice informs the participants of their right to diversify and explains the importance of diversification.

Generally, plans that allow publicly traded employer securities as an investment option allow for immediate diversification. If this is the case, participants should be given a notice along with a fee disclosure notice prior to initial eligibility into the plan. This notice only needs to be distributed once. There is no annual distribution requirement.

Upon request, we will prepare a notice that you can use to meet the requirements. Once complete, this notice will be delivered to you via MSafe.

November 2015

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IRS Retirement Plan Reporting Disclosure Requirements

The IRS has published a guide that outlines the basic reporting and disclosure requirements of retirement plans. There are different reporting requirements depending on the type of plan. The guide can also be used in conjunction with the Department of Labor's (DOL's) Reporting and Disclosure Guide for Employee Benefit Plans.

See the Retirement Plan Reporting and Disclosure page for links to resources including information about notices, forms and DOL and Pension Benefit Guaranty Corporation requirements.

November 2015

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Required minimum distributions

Generally, a retirement plan participant must take their first required minimum distribution (RMD) by the later of April 1 of the year following the year they reach 70½ or the year in which they retire. Subsequent RMDs must be taken by December 31 of each year thereafter. However, if an individual is a more than 5 percent owner of the business sponsoring the retirement plan, or is treated as a more than 5 percent owner under the ownership attribution rules of Internal Revenue Code section 318, then RMDs must begin by April 1 of the year following the year he she reaches 70½, regardless of whether he or she is retired and then by December 31 of each year thereafter. However, the plan document may dictate that all RMDs must begin by April 1 of the year following the year the participant reaches age 70½ regardless of employment or ownership status.

In October we will send a communication via MSafe that will include a list of participants we believe should be receiving RMDs. This communication will ask that you verify those on the list. Once confirmed, letters will be sent with instructions to the participant regarding the steps to be taken in requesting their RMD for the 2015 calendar year.

For the participants in plans that must receive a "full distribution" at age 70½, a specific letter will be provided to assist them in completing the appropriate distribution form to initiate a full payout.

See Retirement Topics - Required Minimum Distributions (RMDs) for additional information or contact your plan manager.

November 2015

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Following your plan's contribution formula

Your adoption agreement or plan document describes the contribution formulas that are used to calculate employer matching and non-elective contributions. If you are not following the formula selected in your document, you have an operational failure and you may need to enter a formal correction program to remedy the failure.

The contribution formula in your document may be expressly stated as a fixed formula, which must be funded and can only be changed via a plan amendment, or it may be written as a discretionary formula which allows for some funding flexibility from year to year. However, the discretionary formula in your document may still contain limitations that must be followed when calculating the contribution or determining how the contribution is allocated.

Your plan document's employer matching contribution provisions might:

- Limit match to one uniform percentage of elective deferrals (e.g., 50 percent of compensation deferred)
- Cap the deferrals matched to a percentage of compensation (e.g., only deferrals up to 5 percent of compensation will be matched) or a maximum dollar amount (e.g., deferrals up to a maximum of $5,000 will be matched)
- Provide that matching contributions are tiered based on the percentage of compensation deferred (e.g., 100 percent of the first 2 percent of compensation deferred and 50 percent of the next 2 percent of compensation deferred) or the participant's years of service (e.g., the matching percentage for participants with one to four years of service will be 50 percent and the matching percentage with more than four years of service will be 100 percent)
- Limit the maximum matching contribution to a dollar amount (e.g., match will not exceed $4,000) or a percentage of compensation (e.g., match will not exceed 3 percent of compensation)

Your plan document's employer non-elective contribution allocation provisions will indicate whether the non-elective contribution is allocated:

- Based on the ratio each participant's compensation bears to the total compensation to all participants
- As a uniform dollar amount to all participants
- Based on classification groups
- Based on integration with the Social Security taxable wage base

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In addition, for any type of employer contribution, the computation period (i.e., the period that is used to calculate the amount of the contribution) in the document must be followed.

An annual computation period for matching contributions requires the contribution to be calculated based on the participant's year-end compensation and deferral percentage totals. If the matching contribution computation period is annual and you submit matching contributions more frequently than once per year, you should perform year-end "true-up" calculations and make "true-up" contributions as needed.

Similarly, since the computation period for non-elective contributions is usually annual, if you submit non-elective contributions throughout the plan year, you may need to make a "true-up" contribution.

Finally, your plan document may include allocation requirements a participant must satisfy in order to receive an employer contribution. Some examples of allocation requirements are employment on the last day of the plan year and completion of 1,000 hours of service during the plan year. A participant should not receive an allocation of employer contributions until the allocation requirements have been satisfied.

Please review your plan to ensure that you are following the terms of your document. Contact your plan manager if you need assistance.

November 2015

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Distributing annual notices and participant fee disclosures

If your plan design requires an annual notice to participants, notices must be distributed at least 30 days prior to the beginning of the next plan year. Therefore, December 1, 2015, is the deadline for calendar year plans. Examples of plan design features that require an annual notice include:

- Safe harbor 401(k)
- Savings Incentive Match Plan for Employees (SIMPLE) (must be distributed by October 30, 2015)
- Automatic contribution arrangement (ACA)
- Qualified automatic contribution arrangement (QACA)
- Eligible automatic contribution arrangement (EACA)
- Qualified default investment alternative (QDIA)
- Participant fee disclosures

Your plan may contain more than one of the features indicated above and may require multiple notices.

Participant fee disclosure information:

Participants and beneficiaries with the right to direct investment of assets in their account must receive a fee disclosure on or prior to the date they can first direct investments then annually thereafter. Failure to provide required information under the participant fee disclosure regulation may result in a breach of fiduciary duty under ERISA. This could expose the plan fiduciaries to both professional and personal liability if the participant can demonstrate that he or she had losses related to the failure to disclose the required information. The Department of Labor (DOL) issued a final direct rule effective June 17, 2015. The rule changed the definition of "at least annually thereafter" to mean once in any 14-month period. This gives flexibility and allows you to avoid the problem of creating an arbitrary deadline by following the strict interpretation that a new disclosure must be distributed no more than 365 days after the date of the last disclosure. In addition, new participant fee disclosures must be distributed 30-90 days prior to certain changes.

Guidance provided by the DOL regarding its participant fee disclosure regulation requires that comparative charts of investment-related information provided by multiple service providers or investment issuers either be consolidated for participants and beneficiaries into one document or be delivered to them at the same time in a single mailing or transmission. Additionally, the guidance requires that the disclosures be designed to facilitate a comparison among designated investment alternatives under the plan.

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Electronic delivery:
Many plan sponsors ask if they can deliver their notices, disclosures and other important documents electronically. The short answer is, "it depends." The IRS and the DOL have different rules for electronic delivery. In some cases, it may be more burdensome to comply with the rules for electronic delivery rather than using a traditional delivery method (e.g., mailing). We encourage you to review the rules thoroughly and create procedures and processes to ensure that you satisfy the requirements.

For more information, please see the Distributing Materials Electronically FAQ.

November 2015

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Does your safe harbor plan require nondiscrimination testing?

If you elected to amend your plan's safe harbor 401(k) or safe harbor 403(b) provisions during the plan year to reduce or eliminate the safe harbor non-elective or safe harbor matching contributions, actual deferral percentage (ADP) and/or actual contribution percentage (ACP) testing is required. Please discuss the submission of a year-end census with your plan manager to ensure required testing is completed timely.

Failure to provide a timely notice to participants regarding your intent to reduce or eliminate a safe harbor contribution or to otherwise make the required contributions may be considered an operational defect by the IRS. Performing ADP and/or ACP testing does not correct the defect; however, the testing may be part of correction under the Employee Plans Compliance Resolution System.

Finally, please keep in mind that if you reduce or eliminate the plan's safe harbor 401(k) provisions (i.e., safe harbor match or safe harbor non-elective contribution) or exclude participants who are younger than 21 and haven't been credited with one year of service from the safe harbor contribution, you may be required to make a minimum top heavy contribution if your plan is deemed to be top heavy. Safe harbor 403(b) plans are not subject to the top heavy rules.

November 2015

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Have you submitted your census data?

The deadline for calendar year plans to complete actual deferral percentage and actual contribution percentage nondiscrimination testing and issue any necessary refunds is December 31, 2015. Your retirement plan faces possible loss of its qualified status if it fails either of these nondiscrimination tests and corrections (or refunds) are not made by the deadline. If you have not submitted your census data for the plan year ended December 31, 2014, we must receive your census data no later than November 2, 2015, in order to complete the testing and issue any refunds by the deadline.

For more information about plan disqualification, see Tax Consequences of Plan Disqualification.

November 2015

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Check your plan's Forfeiture Account

If your plan states that forfeitures are used to reduce employer contributions, you should check your plan's forfeiture balance periodically and use the forfeitures to offset funding of employer contributions. Timely use of plan forfeitures includes using forfeitures to pay fees and using them to reduce your employer contributions as directed in your document. Additionally, IRS Rev. Rule 80-155 requires that any remaining contributions after the applicable reductions must be allocated to participant accounts. Generally, forfeitures from the current year are not to be carried into the next plan year.

Your plan document will indicate how forfeitures should be used. Options for use can include: pay plan expenses, reduce employer contributions or reallocate to eligible participants.

November 2015

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Executing your restated document and distributing your summary plan description

Similar to the process for the Plan Information Questionnaire, if you use OneAmerica document preparation services and currently have a 401(a) pre-approved plan (such as our volume submitter document), you will receive a series of emails related to your restated documents including:

- Notification that your restatement has been published and is ready for you to complete and electronically sign
- Restatement follow-up emails (if necessary)
- E-Sign notification verifying that all required signatures have been obtained for documents that are required to be signed electronically
- E-Sign follow up emails (if necessary)

Please review all documents for accuracy. You must electronically sign the restated adoption agreement first or sign all documents (e.g., participating employer agreements, amendments, etc.) on the same day. In addition, please provide a copy of the updated summary plan description (SPD) to each active participant in the plan, each retired participant receiving benefits from the plan, each terminated participant entitled to a deferred vested benefit and each beneficiary receiving benefits from the plan. Best practice is to distribute the SPD within 90 days of the date the adoption agreement is signed. Each new participant who enrolls after the initial distribution of the SPD should receive a copy along with any summary of material modifications within 90 days after entering the plan.

Please see PPA Restatement Questions & Answers for Plan Sponsors for additional information.

November 2015