

# The Special Pay Plan Newsletter

THURSDAY, JULY 9, 2009 – VOL. I

## MESSAGE FROM WES COMPTON, PRESIDENT OF MIDAMERICA

MidAmerica is pleased to introduce the first issue of the Special Pay Plan Newsletter for our Special Pay Plan clients. As you are probably aware, your Special Pay Plan is technically an Employer Sponsored 403(b) Plan that accepts both/either employer contributions or nonelective employee contributions.

This newsletter will become a regular piece of correspondence outlining developments in the marketplace, discussing changes and enhancements to our service offering, and answering frequently asked questions. We hope that you find it useful and encourage your comments and suggestions.

### COMPLIANCE WITH NEW 403(b) REGULATIONS

MidAmerica is committed to ensuring that your Special Pay Plan remains in compliance with the new 403(b) regulations. Unlike your 403(b) elective deferral plans, MidAmerica has always provided the key elements that the new regulations are designed to accomplish. These include providing a plan document, monitoring IRS limits and coordinating with elective deferrals, and reviewing and approving plan transactions.

With the new regulations, the primary change for your Special Pay Plan will be updating the plan document to incorporate the model language provided by the IRS. This will be required to be completed no later than the end of this year.

### WHO IS THE TPA?

Many of our clients have hired outside TPAs to fulfill the requirements of the new regulations. Others have chosen to hire MidAmerica to handle both the Special Pay Plan and the elective deferral portion of the 403(b) Plan.

If an outside TPA is involved, your plan can be structured in two ways.

1. MidAmerica can continue to maintain the plan document and provide all compliance activities just for the Special Pay Plan. It is perfectly acceptable for an employer to have two 403(b) plans; one for elective deferrals and one for Special Pay, as long as both are coordinated, which MidAmerica will do and has done.
2. The outside TPA can make sure that your plan document allows for Special Pay contributions and MidAmerica, as the product provider, would share information with the TPA for purposes of plan transactions and monitoring.

Since many outside TPAs are not familiar with Special Pay programs and their documents do not easily accommodate employer contributions, most of our clients have chosen the first option, which we recommend as well. This is transparent to your Special Pay Plan participants who are familiar with MidAmerica, allows transactions to be processed much quicker (without needing approval from an outside TPA), and we still ensure compliance with the regulations.

If you have questions about this, please do not hesitate to call.

### NEED TO SUBMIT CONTRIBUTION DATA? USE OUR SECURE UPLOAD SITE!

Just type <https://www.midamerica.biz/content/employers/uploadform.aspx> into your web browser, populate the required fields, attach your data file and click submit!

MidAmerica plans to periodically send newsletters to our clients. If you would like to add to or change email recipients, please contact [Tara.Scianimanico@midamerica.biz](mailto:Tara.Scianimanico@midamerica.biz).

### 415 LIMITS

When calculating the contributions for Special Pay Plan retirees, the 2009 IRS limit is \$49,000 (less any voluntary contributions since the beginning of the calendar year). For example, if you have an employee who retires on 6/15/2009, you would take \$49,000 less voluntary contributions from 1/1/2009 – 6/15/2009. If you have plan participants who will exceed this limit for 2009, please contact MidAmerica to discuss planning opportunities.



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