



# The Swerdlin Quarterly

A Trusted Source for all your **Benefits Needs.**

4th Quarter 2009 | Volume 15, Issue 4

## Gone But Not Forgotten

Does your plan have terminated participants with small balances? Since administrative fees are often based on participant counts, employers benefit by eliminating these small balances. Unfortunately, some terminated participants may be difficult to locate.

Several methods are available to locate participants. The first step is to send a distribution notice by certified mail to the most recent address available. If the package is returned, checking the phone book or calling directory assistance may be all it takes. Employers can also review other plan records or contact designated beneficiaries or other employees to find current addresses for missing participants.

You may also search on the Internet. Some sites will allow a search in a specific city or state, while others search the entire country. Many private investigation firms will also locate missing participants for a small fee. As long as the fee is reasonable, the employer can charge it back to the participant's account.

Plan sponsors can also turn to the IRS or the Social Security Administration for assistance. Both agencies have letter-forwarding programs. Employers

*(continued on the back cover)*

*Tips for tracking down terminated participants.*



## contents

- 1 Gone But Not Forgotten
- 3 2010 Limits at a Glance
- 5 Doing Time
- 6 IRS Imposes Order of Refunds

### In Every Issue

- 1 Dorn's Corner
- 2 Client of the Quarter
- 3 FAQ
- 5 What's Happenin'

**Swerdlin & Company**  
Actuaries and  
Employee Benefit Consultants  
770.396.6601  
www.swerdlin.net



## Dorn's Corner

Here we are at the last quarter of the year. It seems to me to have come faster than ever. This is the time for my

declaration for 2010. My declaration for next year is "The Year of Gratitude." This fits well with the Holiday Season we celebrate at this time of the year.

When we give sincere thanks to someone, we know it usually makes them feel good. However, this article talks about the significant value to us when we express or even think about gratitude. How does that work?

I'll summarize below comments recently posted on the Chopra.com website.

Many scientific studies, including research by renowned psychologists Robert Emmons and Michael McCullough, have found that people who consciously focus on gratitude experience greater emotional well-being and physical health than those who don't. In comparison with control groups, those who cultivated a grateful outlook:

- Felt better about their lives as a whole
- Experienced greater levels of joy and happiness
- Felt optimistic about the future
- Got sick less often
- Exercised more regularly

*(continued on page 3)*

## Swerdlin & Company Celebrates 30 Years!

On April 1, 1980, Dorn and Joanne Swerdlin founded Swerdlin & Company. Initially, the company only provided actuarial services for defined benefit pension plans. Almost 30 years later, Swerdlin & Company has 60 employees and provides actuarial, recordkeeping, administration and consulting services for over 500 employee benefit plans.

Having read Dorn's Corner over the years, you know he is a forward-thinking individual. He realizes that in order to succeed in business, you have to be flexible and welcome change — nothing stays the same. Swerdlin & Company has grown over the years and has diversified into all areas of employee benefits.

We began providing administration and compliance for 401(k) plans in the mid-80s before many people had even heard of them. We then added DayPak which gave us the capability of providing daily recordkeeping services. DayPak celebrates its 11th anniversary this year!

Over a period of time, we have developed a real niche in the consulting, implementation and administration of Employee Stock Ownership Plans (ESOPs). Currently we provide services for over 90 ESOPs, including KSOPs. There is nothing more rewarding than helping our clients grow and become more successful as a result of developing an employee ownership culture. Even when economic times are tough, our ESOP clients tend to fare better than those without an ESOP. Swerdlin & Company plans to implement an ESOP in the near future.

Almost six years ago, we added FlexPak, our Section 125 cafeteria plan administration. In addition to all the standard "bells and whistles," we provide exceptional customer service in an area that normally lacks such attention. We get compliments all the time from plan sponsors and participants — particularly about the ease and timeliness of submitting claims and receiving reimbursements. Debit cards and the ability to submit claims at the FlexPak website have greatly contributed to participants' satisfaction with our services. Flex-Pak further improves the reimbursement process by making the payments via direct deposit.



Our latest expansion is Swerdlin Benefits Company (SBC), providing health and welfare consulting. Our challenge is to provide creative ways to cut the cost of insurance premiums for the employer, while providing employees the best possible coverage. We listen to our clients and come up with options for an insurance program that best meets their needs. In addition, we provide health actuarial services for self-funded insurance plans.

In summary, we are one of the few independent firms that provide administration and recordkeeping services for all types of retirement plans. We provide services for defined benefit, defined contribution, 401(k), ESOPs, and KSOPs. Additionally, we administer cafeteria plans and health and welfare plans. Since our inception, we have been known in the industry as a company that specializes in the more complicated plan designs; we are problem solvers and hand holders.

Dorn and Joanne Swerdlin will be the first to tell you that the most important thing to them is serving their clients and building long-lasting relationships. The corporate philosophy is to treat every client as an individual and not a number.

That same philosophy is carried over to how the Swerdlins treat their employees. All members of management have an open door policy so any employee feels free to talk with them on any subject. The employees are treated like an extended family.

Thanks to all of you for helping us reach our 30th birthday! We hope to celebrate many, many more! ■

**Q** Our plan allows employees to roll over their balance from a prior plan into ours before they are eligible to enter the plan. Can an employee take a loan or a hardship distribution from this rollover money?

**A** No. If he is not yet a participant, he cannot take a loan or hardship distribution. However, most plans allow an employee to withdraw money from a rollover account for any reason, even if he is not yet a participant.

**Q** One of our participants has a loan and is on authorized leave of absence for a few months. What do we do about the missing loan payments, since our loan policy requires loans be paid through payroll deduction?

**A** The IRS allows a participant on authorized leave to stop loan payments for up to 12 months. Once the employee returns to work, the loan payments must resume immediately. The payments must be recalculated to include the unpaid accrued interest, and the loan term cannot be extended past the original maturity date or five years from the effective date of the loan.

**Q** We want to add loans to our plan. Are there any limits we can impose?

**A** Yes. Some examples of limits are: only one at a time; only one in any plan year; minimum amount of \$1,000; available for hardship only; no loans longer than 5 years.

## Cafeteria and HSA Plans Update

Legislation is pending. We will update you when information is available.

## 2010 Limits at a Glance

IRS Dollar Limits	Code Section	2008	2009	2010
DB plan annual benefit limit	415(b)(1)(A)	\$185,000	\$195,000	\$195,000
DC plan annual addition limit	415( c)(1)(A)	46,000	49,000	49,000
Max 401(k) deferral	402(g)(1)	15,500	16,500	16,500
Max 401(k) catch-up deferral	414(v)(2)(B)(i)	5,000	5,500	5,500
Max SIMPLE deferral	408(p)(2)(E)	10,500	11,500	11,500
Max 457 deferral	457(e)(15)&(c )(1)	15,500	16,500	16,500
Def of HCE (highly compensated employee)	414(q)(1)(B)	105,000	110,000	110,000
Annual Compensation Limit	401(a)(17) & 404(l)	230,000	245,000	245,000
SEP Coverage	408(k)(2)(C )	500	550	550
SS Taxable Wage Base		102,000	106,800	106,800

### Dorn's Corner *(continued from page 1)*

- Had more energy, enthusiasm, determination, and focus
- Made greater progress toward achieving important personal goals
- Slept better and awoke feeling refreshed
- Felt stronger during trying times
- Enjoyed closer family ties
- Were more likely to help others and offer emotional support
- Experienced fewer symptoms of stress

#### Tips for Cultivating Gratitude

That gratitude is a decision doesn't imply that choosing it is always easy or effortless; most of us have a tendency to take things for granted. At a deeper level, we may resist gratitude because it runs counter to an ingrained need to believe that we are self-sufficient and that our good fortune is our own doing. Yet we are interdependent, and grace is an unmistakable force in our lives.

When you begin to focus on gratitude, any fears will melt

away as you appreciate the countless ways in which the universe supports you in every moment. Here are a few practices for you to "jump-start" your gratitude habit.

#### 1. Keep a Gratitude Journal

Each day list at least 5 things for which you are grateful. Challenge yourself by not repeating items from the previous days, for this will make you look more deeply at all the "little" things that enhance your life and give you joy...waking up in a warm bed; your favorite song; a phone call from a friend; the ability to touch, see, or hear; electricity; the beating of your heart; a hug.

I practiced this exercise a few years ago during a class about "The Law of Attraction." We picked a partner and emailed our 5 things for which we were grateful to our partner every day for about 8 weeks. During this class I got to know my partner very well and we learned new ideas about things to be grateful for from each other.

*(continued on page 4)*

## Dorn's Corner *(continued from page 3)*

All of us felt an uplifting of our spirits during the class. I continued after the class to find myself more appreciative of the “little” but very important things in life. I also noticed that my negative thoughts became fewer and that allowed me to feel better about life.

Every month we have a luncheon meeting for all employees called “Stars.” In that meeting we show appreciation and gratitude for others in the office by giving Thank You notes written on paper “stars.” This exercise helps keep our people focused on gratitude and positive thoughts about each other.

### 2. Write a Thank You Letter

Make a list of at least 5 people who have had a profound impact on your life. Choose one and write a thank you letter expressing gratitude for all the gifts you’ve received from that person. If possible, deliver your gratitude letter personally.

In studies of people who have practiced this form of gratitude, the results have been amazing. Often the recipient of the letter had no idea what an impact he or she had on that person and were deeply touched by the expression of such authentic gratitude.

While we may often thank people verbally, the written word can often be even more powerful, because someone has taken the time to write their appreciation. A letter can also be re-read and treasured, creating joy and love that will continue to ripple out into the universe.

### 3. Take a Gratitude Walk

This is a particularly useful practice when you’re feeling down or filled with stress and worry. Set aside 20 minutes (or longer if you can) and walk in your neighborhood, through a park, around your office, or somewhere in nature. Pay

attention to your senses — everything you’re seeing, hearing, feeling, smelling, and maybe even tasting — and see how many things you can find to feel grateful for.

I summarize below another exercise from the book, “The Vortex”, by Esther and Jerry Hicks:

If you have negative thoughts about something or someone, the following exercise can be useful. For example, you think: “I really hate my job.”

Focus on things about your job that you appreciate and are thankful for. For example, you think: “I am thankful that...”

- I have a job in this economy;
- I have learned a lot since I started here;
- I get a paycheck every 2 weeks and it is always on time;
- I only have a short commute to my workplace;
- I have friends who I met at work;
- I enjoy having lunch with friends at work;
- This job allows me to support my family.

A story which my friend, Willis Cook, emailed to me as I was writing this article provided me with a story which illustrates how we miss so much by not expressing our gratitude. Below is a summary of that story.

*Washington, DC Metro Station on a cold January morning in 2007. The man with a violin played six Bach pieces for about 45 minutes. During that time approximately two thousand people went through the station, most of them on their way to work. The musician played continuously. Only 6 people stopped and listened for a short while. A few gave money but continued to walk at their normal pace. The man collected a total of \$32. He finished playing and silence took over. No one noticed. No one applauded nor was there any recognition.*

*No one knew this, but the violinist was Joshua Bell, one of the greatest musicians in the world. He played one of the most intricate pieces ever written, with a violin worth 3.5 million dollars. Two days before, Joshua Bell was a sell out at a theater in Boston where the seats averaged \$100. This is a true story. Joshua Bell’s playing incognito in the metro station was organized by the Washington Post as part of a social experiment about perception, taste and people’s priorities.*

One possible conclusion reached from this experiment could be this: If we do not have a moment to stop and listen to one of the best musicians in the world, playing some of the finest music ever written, with one of the most beautiful instruments ever made, how many other things are we missing?

I finish this article with some quotes from “The Change Your Life Quote Book” by Allen Klein. I picked out a few of my favorites about gratitude:

“Gratitude is not only the greatest of virtues, but the parent of all others.” —Cicero

“Feeling gratitude and not expressing it is like wrapping a present and not giving it.” —William Arthur Ward

“If the only prayer you say in your whole life is “Thank You” that would suffice.” —Meister Eckhart

“If you count all your assets you always show a profit.” —Robert Quillen

“To be upset over what you don’t have is to waste what you do have.” —Ken Keyes, Jr.

I am thankful for all of you and especially appreciative to those of you who have taken the time to share your comments on Dorn’s Corner and The Swerdlin Quarterly.

Best Wishes for a Happy and Healthy Holiday Season! I’ll be back next year! ■

# Doing Time

Are you having trouble tracking your employees' hours? Do you know there is an alternative method for computing years of service in your plan? This alternative is called the elapsed time method.

This method for crediting service for vesting is based on the twelve-month period beginning with date of hire. The employee receives a year of service for each twelve months of employment. For example, under this method, if the participant is hired on July 1, 2008, he receives a year of service for vesting credit on June 30, 2009, regardless of the actual hours worked.

As compared with the traditional hours method, elapsed time will generally accelerate vesting credit for part-time employees. The primary advantage of this method is the ease of administration by not tracking hours.

If you are interested in learning more about the elapsed time method, please contact us. ■



## What's Happenin'

Swerdlin has continued with their charity events this year to provide a Merry Christmas to a needy family. In early November the Daily Recordkeeping Team sponsored a sale in our office building consisting of baked goods, paintings and jewelry, all created by our talented employees. We raised \$1,000.

At our 6th Annual Fall Carnival on October 16, we played games and awarded prizes, including four cakes baked by our own Swerdlin employees. Proceeds were over \$270.

Our Defined Contribution Team charity lunch in September consisted of four different homemade soups, salads and desserts. We collected over \$160.

The Lee Denim Day Breast Cancer fundraiser on October 2, organized by **Adrian Farnon**, raised \$180. Adrian leads this fundraising event every year.

The winners of our Halloween Costume Contest on October 30 were **Adrian Farnon** (1st place), **Connie Woodmansee** (2nd place) and **Adam Stone** (3rd place).

We welcome two new employees: **Catie Smith** joins our Flex-Pak Department and **Melody Smallwood** will be working with Swerdlin Benefits Company.

Anniversaries we celebrate this quarter: **Cynthia Navan-Clark** and **Lee Swerdlin**, 11 years; **Beth Wright**, 9 years; **Adrian Farnon** and **Ricky Cox**, 7 years; **Adam Stone** and **Alicia Turner**, 6 years; **Eric Myers**, **Marjorie Cade** and **Valerie Flynn**, 3 years; **Janet Wadlington** and **Tim Bowen**, 2 years; **Christi Bussey**, **Esmeralda Juarez**, **Lorene Pierre**, **Rita Teague** and **Tianna Barran**, 1 year.

Congratulations to **Christi Bussey** and **Lance Koberg** who were married on October 17 in Dahlonega, Georgia. They honeymooned in Italy.

The New South Chapter of The ESOP Association held a one-day conference in Atlanta on October 22 to celebrate Employee Ownership Month. Swerdlin attendees were **Adam Stone**, **Connie Woodmansee** and **Susan Petrirena**. Connie was one of the presenters.

In November, **Adam Stone**, **Joanne Swerdlin**, **Karen Miracle** and **Susan Petrirena** attended the annual three day ESOP Association technical conference in Las Vegas. Susan participated as a speaker at the conference.

**Julie Isom** attended a Relius educational series of seminars regarding the new electronic 5500 preparation. We are getting ready for this massive change in filing forms with the IRS.

Our Client Workshop on November 10 featured **Dale Yamamoto**, a nationally known healthcare actuary, who spoke on the new healthcare reform. A roundtable discussion following the workshop allowed attendees to share their experiences, questions and ideas. ■

## Swerdlin & Company

Actuaries and Employee Benefit Consultants

5901 Peachtree Dunwoody Road

Building B, Suite 170

Atlanta, GA 30328

phone 770.396.6601

fax 770.396.0067

email [info@swerdlin.net](mailto:info@swerdlin.net)

web [www.swerdlin.net](http://www.swerdlin.net)

PRSR STD  
US POSTAGE  
PAID  
COLUMBUS, GA  
PERMIT NO. 99



At Swerdlin & Company, we're taking an active role in conserving the world's resources by printing on FSC-certified paper from well-managed forests with environmentally-friendly ink. Please recycle this newsletter when you are finished reading it.

# IRS Imposes Order of Refunds

The government imposes annual limits under IRC §415 on the amounts that can be contributed to participant accounts in defined contribution plans. For example, in 2009 the limit is generally \$49,000 (excluding catch-up contributions). Any amounts above this limit are called excess annual additions.

With the publication of Rev. Proc. 2008-50, the Employee Plans Compliance Resolution System (EPCRS) now contains guidance on the corrective steps to take for excess annual additions for defined contribution plans. The EPCRS correction method, effective January 1, 2009, eliminates the ability to choose the correction order for violation of the 415 limits.

To the extent that the excess annual additions relate to elective deferrals or after-tax employee contributions, the correction is to distribute the excess amount (with attributable earnings) to each affected participant. This correction must be made in the following order:

- First, distribute unmatched after-tax employee contributions (if any);
- Second, distribute unmatched elective deferrals (both pre-tax elective deferrals and designated Roth contributions);
- Third, distribute matched after-tax employee contributions; and
- Fourth, distribute matched elective deferrals.

To the extent the excess annual additions are attributable to employer contributions (matching contributions and/or nonelective contributions), EPCRS also provides a correction order. Depending on the terms of the plan, the excess will either be reallocated to other participants or placed in an unallocated account and used to reduce employer contributions.

These new rules are complex; if you have any questions, feel free to contact your Swerdlin representative. ■

## Gone But Not Forgotten

(continued from page 1)

simply provide a list of names and social security numbers along with distribution notices. The agency will forward each notice to the most recent address on file. Due to security and privacy concerns, neither agency will provide new addresses to the plan sponsor.

Several years ago, the DOL issued regulations allowing balances of less than \$5,000 to be automatically rolled over into an IRA, as long as this feature is included in your plan document.

If a terminating plan completes all of these steps and participants still cannot be located, even balances exceeding \$5,000 can be automatically rolled over into an IRA.

Please be sure to give us a call if you have any questions. ■

## contributors

### Swerdlin Quarterly Committee

Chairman:

Carol Friend

Committee Members:

Donna Martin, Dorn Swerdlin, Joanne Swerdlin, Julie Isom and Ricky Cox

Editorial Assistance:

Dee Robbins

Additional Contributors:

Adam Stone, Adrian Farnon

