



Benefit Consultants Group

"Celebrating Service Excellence for Over 50 Years"

JULY NEWSLETTER

Did You Know?

Did you know that the 415 Amendment clarifying the definition of "compensation" for plan allocation purposes was generally required to be executed by December 31, 2008 for calendar year plans. By not doing this, you could potentially disqualify your plan. Contact your Plan Account Manager, or call 800-524-4015 and select option 5, to confirm that your plan is compliant.



Plan Sponsors Take Advantage of Online Functionality Features

Many plan sponsors have recently signed up for enhanced online functionality services: online distributions, online loans and online enrollment. These features are a great time-saver, convenient to use, and are offered at no additional cost to you.

Online Distributions - Your former employees can now request distributions online to expedite the process. All without an exchange of a single piece of paper.

Online Loans - Your participants can now request loans online. All without an exchange of a single piece of paper for your review or approval.

Online Enrollment - Your employees can enroll online in 5 easy steps by leveraging this paperless process.

If you haven't taken advantage of these services yet, take a few minutes now to do so.

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Get to Know BCG

The Participant Service Department

Participant support is critical, especially during these turbulent times. At BCG, plan

Activation is as simple as completing the attached *Online Services Authorization form* and fax the form to 856-824-1890. [Click here for the form and additional information.](#)

If you would like to learn more about these services, contact your Plan Account Manager at 1-800-524-4015, option 5.

Defaulting Participant Loans: A Q&A for Plan Sponsors

In light of current economic conditions, you may find increased loan activity in your plan(s). The following Q&A highlights the important role a plan sponsor plays in monitoring the plan's loan program and your responsibility with regard to defaulted loans.

Under what circumstances is a participant loan considered to be in "default"? Generally, a participant loan should be considered a default if any of the following occurs:

- A scheduled loan payment remains past due at the end of the calendar quarter following the quarter in which the payment was originally due
- The plan terminates
- The participant retires or otherwise severs employment and does not pay off the loan
- The participant dies
- A default has occurred under the terms of the Loan Agreement
- An amount remains unpaid at the end of the loan's term

Who is responsible for determining that a loan is in default? As plan sponsor, you will need to make the determination that a participant loan is in default and instruct BCG to either "deem distribute" or "offset" the loan accordingly. You may contact your Plan Account Manager at 800-524-401(K) to obtain data on participants who may have missed loan payments.

Under what circumstances is a defaulted loan "offset"? Generally, an offset may occur only when the participant would otherwise be eligible to receive all or part of their account as a distribution. A typical loan offset scenario occurs when a participant who has an outstanding loan terminates employment, defaults on the loan and takes a distribution. When a plan loan is "offset" it is no longer considered a plan asset.

Under what circumstances is a defaulted plan loan "deemed distributed"? A deemed distribution occurs when a participant loan is defaulted and the participant is NOT eligible for a plan distribution. This occurs primarily with active participants. A loan that has been deemed distributed causes the value of the outstanding loan to be taxable to the participant while the loan remains outstanding and an asset of the plan.

participants enjoy personal service when they call the Participant Service Center at 800-524-4015, option 4.

The Participant Service Center offers participants valuable information related to the administration of their account including enrollment, navigating the web/VRU, loans, distributions and much more.

The Center is staffed with trained and experienced representatives who are committed to delivering a high level of service between the hours of 8 a.m. - 8 p.m. EST, Monday through Friday. Additional services include bilingual (Spanish) representatives, text-telephone (TTY) services for the hearing impaired, as well as a 24-hour web access to offer support outside normal business hours.

We want to make it easy to do business with us. Our knowledgeable staff is one of our greatest assets, and we are happy to make them available to you and your participants.

What are the consequences to the participant when a defaulted loan is either offset or deemed distributed? In most cases, the balance of the loan (including accrued interest) becomes taxable to the participant in the year it is either offset or deemed distributed.

Can a participant be given a grace period (or cure period) to avoid defaulting on a plan loan? As plan sponsor, you are permitted, but not required, to allow a "cure period" in the event a scheduled payment is not made when due. The cure period, however, may not extend past the end of the calendar quarter following the quarter in which the payment was missed.

Will a loan that has been deemed distributed affect a participant's ability to take another participant loan? Since a loan that has been deemed distributed remains outstanding and an asset of the plan, the deemed loan will be taken into consideration in calculating the maximum amount available for any new loan requests. In addition, if your plan restricts the number of outstanding loans allowed, the deemed loan will continue to be considered outstanding and may bar the participant from qualifying for a subsequent loan.



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country to be ISO 9001 Registered.



For more information about our services, please call
1-800-524-401k, or visit our website at www.bcgbenefits.com