



Fall 2015 Newsletter

UPCOMING DEADLINES & OTHER IMPORTANT ALERTS

It's time to adopt Restated Pre-approved DC Plans

Employers using pre-approved defined contribution plan documents must adopt plan documents restated for the 2010 Cumulative List by **April 30, 2016** (Announcement 2014-16). Preapproved documents must be restated every six years based on an IRS mandated cycle.

As your plan is being restated this is a good time to review your current plan document to be sure that the plan's goals and objectives are being met. You should ask "What are we trying to accomplish with our retirement plan?" With those thoughts in mind we can make recommendations on plan design.

Some of the plan design issues you might consider are:

- Should your plan become a safe harbor plan?
- Change your cash-out limit to \$5,000 to avoid having small balances in your plan. Once your participant count exceeds 100 (or 120 if you fall under the 80-120 rule) you will be subject to the expense of an annual audit.

PyraStar on the Move:

SAVE THE DATES!



**New South Chapter of the
ESOP Association Annual
meeting – Oct 22,
2015** hosted by TVS&A in
Atlanta "Rolling Out the Red
Carpet for ESOPs"

Register online via [this link](#). Be sure to log in to activate the ESOP member pricing.



**ESOP Association Annual
Conference
Las Vegas
Nov 12-13, 2015**

Carla Klingler will be speaking
on "**Advanced ESOP Administration**"

- Revision of the Joint and Survivor annuity option.
- Change to the discretionary Profit Sharing allocation formula. Your employee base may have changed since you originally set up your allocation formula and you may find that it isn't producing a favorable outcome or being allocated as you originally intended.

If you need your plan restated, feel free to contact our Plan Document Maintenance Department at 770-645-6331 x10 or email team@pyrastarpensiongroup.com.

Employee Ownership Month --- Month-long Celebration Begins October 1st

October 1, 2015 (Washington, DC) – The ESOP Association and its members will celebrate Employee Ownership Month, a tribute to the tremendous spirit of employee ownership, throughout the month of October.

Employee Ownership Month is an opportunity for ESOP (employee stock ownership plan) companies across the nation to educate employee owners, the public, and government officials about the undeniable benefits of employee ownership for employees, their companies, the communities they are a part of, and the nation. For more information about Employee Ownership Month, please visit:

<http://www.esopassociation.org/advocate/employee-ownership-month>.

"I'm pleased to announce the start of Employee Ownership Month 2015," said ESOP Association President, J. Michael Keeling. "For over two decades, our members, and the ESOP community, have been working to promote employee ownership and its benefits every day. During this month, we will celebrate contributions to making ownership 'real' for employee owners and ESOP companies across the nation."

To view additional comments by Mr. Keeling on Employee Ownership Month, watch the video below (or [click here](#)).

Employee ownership facts:

- There are approximately 10,000 ESOPs in place in the U.S., covering 10.3 million employees (approximately 10% of the private sector workforce).
- The 24th Annual Economic Performance Survey conducted in 2015 by the Employee Ownership Foundation found:
 - 92.29% of survey respondents reported that creating employee ownership through an ESOP was 'a good business decision that has helped the company.'

Issues" on November 12, 2015. For more information or to register, [use this link](#).



The ESOP Symposium, Ownership Solutions for Established ESOPs
October 6-7, 2015 - Atlanta, GA

Carla N. Klingler spoke on "Sustainable Distribution Policies" at the 2-day symposium.



On August 27th, Team PyraStar attended the New South Chapter of the ESOP Association meeting at Forum Architecture and Interior Design in Altamonte Springs, Florida. The meeting was titled "**Fiduciary Responsibilities and Engaging Employees.**" The attendees included local Florida ESOP companies. Topics included "**The Role of Trustees and Board Members as Fiduciaries**", "**Staying Compliant and Addressing Employee Communications**" *moderated by Carla Klingler*. There was also a networking session at lunch.

Community Service

- 77.69% indicated revenue increased
- 65.22% of companies indicated they have created an ESOP education program or ESOP advisory committee since establishing the ESOP.
- 76.72% of respondents indicated the ESOP positively affected the overall productivity of the employees.

The ESOP Association is the national trade association for companies with employee stock ownership plans (ESOPs) and the leading voice in America for employee ownership. The core cause of The ESOP Association is the belief that employee ownership will improve American competitiveness, increase productivity through greater employee participation, and strengthen our free enterprise economy. More information: website - www.esopassociation.org and blog - www.esopassociationblog.org.

See more by [clicking here](#).

The Relationship Between Automatic Enrollment and DC Plan Contributions: Evidence from a National Survey of Older Workers

Automatic enrollment has been widely embraced for raising employee participation in 401(k) plans. However, the empirical evidence is based on data with limitations that, up until now, have prevented researchers from extrapolating the effects of automatic enrollment to the broader population of workers. This paper reexamines the determinants of 401(k) participation and contributions in the presence of automatic enrollment using nationally representative data from the *Health and Retirement Study* (HRS) for 2006 through 2012. The results confirm previous findings that automatic enrollment is associated with a higher proportion of workers included in DC plans; however, automatically enrolled workers are less likely to contribute to their DC plans than voluntarily enrolled workers. Auto enrollment is also associated with lower employee contribution amounts and rates. However, the employers of auto-enrolled workers are more likely to contribute to their employees' accounts than are the employers of voluntarily enrolled workers. Additionally, employer contribution amounts and rates are higher among workers who are automatically enrolled. Even so, the combined effect is that the retirement accounts of automatically enrolled older workers receive, on average, \$900 less in combined annual contributions and have contribution rates that are 1.6 percentage points lower than those of voluntarily enrolled workers.

The paper found that:

- Automatic enrollment is associated with a higher



On **Saturday, October 24th, Members of Team PyraStar will be participating in the annual Making Strides Against Breast Cancer in Atlanta.** Making Strides Against Breast Cancer walks are the largest network of breast cancer awareness events in the nation, uniting nearly 300 communities with a shared determination to finish the fight against breast cancer. Passionate walk participants raise critical funds that enable the American Cancer Society to fund groundbreaking breast cancer research; provide free, comprehensive information and support to those touched by breast cancer; and help people take steps to reduce their breast cancer risk or find it early when it is most treatable. To learn more go to: <http://makingstrides.acsevents.org>.



Team PyraStar participated in and sponsored the Annual **Rocket Shot 5k Run** in Roswell, Georgia on Saturday, August 15th to benefit **The Jamie McHenry Memorial Foundation**. The Foundation is dedicated to honoring and celebrating Jamie's life by raising funds to provide support to the high school and youth Lacrosse programs in our community.

probability of being included in a DC plan.

- On average, workers who are automatically enrolled in a DC plan tend to be less likely to contribute positive amounts than those who opt in.
- However, the employers of automatically enrolled workers are more likely to make contributions and to contribute, on average, higher amounts and a higher percentage of their employees' earnings.
- The correlation between automatic enrollment and combined (employer and employee) contribution amounts and contribution rates, however, is still negative, despite controlling for a range of factors.

The policy implications of the findings are:

- Auto enrollment could do a better job of boosting overall contribution levels among participants.
- Possible ways to achieve this might be by offering a more generous employer match and by using auto escalation.
- More research and better data are needed to assess the potential impact on retirement plan contributions of implementing automatic enrollment features in DC plans on a national scale.

By **Barbara A. Butrica** and **Nadia S. Karamcheva**
Center for Retirement Research at Boston College

