

Index

• Numerics •

10 percent rule, 88–89
204(h) notice (ERISA), 179
401(k) plan
 benefits of, 56–57
 catch-up contribution, 56, 60
 contributions to, 41
 description of, 43, 55
 employer match, 60–61
 features of, 59–64
 hardship distribution from, 62–64
 investment options, 62
 matching contributions to, 303–304
 maximum contribution, 59–60
 Roth type, 67–68
 rules governing, 57–59
 Safe Harbor type, 64–65
 service requirements, 107
 SIMPLE type, 65–66
 for small business, 315–316
 solo type, 66–67
 taking loan from, 64
 tracking investment performance, 101
 types of, 12
 vesting, 61–62
 voluntary distribution, 135–136
401(k)s For Dummies (Benna and Newmann), 55
403(b) plan, 53
412(i) plan, 51–52
457 plan, 53

• A •

accountant, 250
accrual
 anti-cutback rule, 111–112, 167, 240
 definition of, 14, 105, 110
 forfeiture, 110
 full benefit, 110–111
 accrued benefit
 definition of, 28, 46
 as protected, 176
 acquisition of company, impact of on
 pension, 17–18, 166–169
 Actual Contribution Percentage test, 58
 Actual Deferral Percentage test, 58
 actual-hours method of counting service, 107
 actuarial assumption, 218
 actuarial equivalent, 144–145
 actuary, pension, 250, 274
 adequate security for loan, 197–198
 administrative expenses, 94, 161–162
 administrative remedies, exhaustion of, 35
 administrator of plan
 definition of, 27
 finding identity of, 87
 functions of, 169
 maintaining records of contact with,
 126–127
 qualified domestic relations order, 220
 advancing expenses, 269
 advice. *See also* financial advisor
 on investments, fees for, 308
 taking advantage of, 99–100, 301
 age of retirement, 119–120
 age requirements for eligibility, 106
 age 70½
 death after, 143
 death before, 143
 distribution at, 138–141
 alternate payee, 216–217
 amendment
 benefits protected from, 176–177
 to defined benefits plan, 18–19
 to defined contribution plan, 19
 determination letter, 178
 Employee Retirement Income Security
 Act, 175
 features subject to, 177–178
 notification of, 179–180
 survivorship benefits, 213
 to vesting schedule, 116

- American Bar Association, 262
 - annual cost of retirement, 120
 - annual funding notice, 31, 95
 - annuity
 - advantages of, 145–146
 - defined benefit plans, 203
 - defined contribution plans, 204
 - definition of, 46, 202
 - joint and survivor, 203
 - life and term certain, 146
 - lump sum distribution compared to, 144–145, 308–309
 - qualified joint and survivor, 20, 206–207
 - qualified preretirement survivor, 20, 208–209
 - single life, 203
 - straight life, 146
 - subsidized, 209–210
 - survivor, automatic, and loan, 194
 - types of, 203
 - annuity contract, as plan manager, 88
 - annuity investment contract, 51
 - annuity starting date, 206
 - answer to complaint, filing, 287
 - anti-alienation clause, 230, 231
 - anti-cutback rule, 111–112, 167, 240
 - antidiscrimination rules, 58
 - appealing decision of court, 292–293
 - appealing denial of claim
 - denial letter, 254
 - Employee Retirement Income Security Act, 35
 - overview of, 23
 - review procedure, 254–255
 - appellate decision, 276
 - applying
 - for loan, 192
 - for pension benefit, 15
 - asset deal, 166
 - asset funds, pooled, 87
 - assets
 - definition of, 118
 - on Form 5500, 89–90
 - of plan, uses of, 161–162
 - attorney
 - contingency fees for, 295
 - for divorce, and qualified domestic relations order, 224–225
 - for employer, 237
 - finding, 234, 260–263
 - hearing on appeal, 255
 - hiring, 23, 272–273
 - identifying type needed, 257–259
 - interviewing, 263–269
 - payment options, 269–272
 - pension, 249–250, 259
 - relationship with, 274–275
 - responsibilities of, 273–274
 - terminating relationship with, 276
 - warning signs in performance of, 275–276
 - attorney-client contract, 272–273
 - auditor, liability of, 160
 - automatic stay, 195
 - automatic survivor annuity and loan, 194
- B •**
- back-end load, 320
 - backloaded tax benefit, 78
 - bankruptcy
 - Chapter 7, 172, 195, 197
 - Chapter 11, 173
 - Chapter 13, 195, 197
 - creditor protection, 232–233
 - of employer, 172–173
 - filing for, 21–22
 - loan repayment, 195
 - Bankruptcy Act, 195, 232–233
 - bankruptcy estate, 230
 - bar association, 261–262, 276
 - basis point, 319
 - benchmarks for gauging fund performance, 92–93
 - beneficiary
 - definition of, 27
 - designated, 141–142
 - designating, 205–206, 300
 - incorrect payments to, 210
 - non-spouse, 142, 205
 - notifying plan of change in, 239
 - required minimum distribution, 143–144
 - benefit payment rights, 177
 - benefit reduction, 306–307
 - benefit statement, reviewing, 90–91
 - benefits calculation, 240, 274, 306
 - Benna, Ted (*401(k)s For Dummies*), 55

- blackout period, 102, 159–160
- board of directors, liability of, 160
- borrowing from plan
 - adequate security, ensuring, 197–198
 - applying for loan, 192
 - benefits of, 190–191
 - default on loan, 20, 191, 198–199
 - disqualification of plan, 199–200
 - factors for approval or denial of loan, 193
 - 401(k) plan, 64
 - interest rate, 197
 - IRA, 77, 189
 - loan limitations, 194–196
 - loan requirements, 193–194
 - overview of, 19–20, 189
 - risks of, 191
 - termination of, 199
- break in service, 107–108
- C •
- calculating
 - benefits, 240, 274, 306
 - distribution, 238–241, 305–306
 - estimated value of claim, 268–269
 - income needed in retirement, 120, 303
 - lump sum distribution, 184
 - net worth, 14–15, 118–119
 - present value, 144–145
 - rate of return, 91–93
- cash balance plan, 50–51
- catch-up contribution
 - defined contribution plan, 41
 - 401(k) plan, 56, 60
 - total IRA contribution, 73
- changes in plan. *See also* amendment
 - due to employer bankruptcy, 172–173
 - due to merger or acquisition, 17–18, 166–169
- Chapter 7 bankruptcy, 172, 195, 197
- Chapter 11 bankruptcy, 173
- Chapter 13 bankruptcy, 195, 197
- charts. *See also* tables
 - Comparison of Types of Tax-Qualified Retirement Plans, 333, 334–336
 - Retirement Plan Dollar and Percentage Limits, 333, 337
 - State Laws Protecting IRAs, 333, 341–344
- civil action, filing under Employee Retirement Income Security Act
 - failure of appeal, 255–256
 - purposes of, 35–36, 278
 - retaliation by employer, 280
- claim
 - appealing denial of, 253–255
 - denial of, 35, 252–253
 - filing, 23, 149–150, 251–252
 - litigating, 23–24, 255–256
- class action lawsuit
 - benefits of, 279
 - contingency contract, 272
 - deciding whether to file, 281–283
 - definition of, 24
 - filing, 284–286
 - notification of, 286
 - payout after, 293–294
 - requirements for, 284–285
 - seeking class certification, 285–286
 - settlement, 291–292
- cliff vesting
 - definition of, 14, 112
 - five-year schedule, 114–115
 - 401(k) plan, 62
 - three-year schedule, 113, 114
- collectibles, investing in, 75
- collective bargaining agreement, 125
- common fund award, 295
- commonality, 284
- Comparison of Types of Tax-Qualified Retirement Plans chart, 333, 334–336
- complaint. *See also* class action lawsuit
 - accepting settlement, 291–292
 - appealing decision, 292–293
 - components of, 283
 - discovery process, 287–289
 - Employee Retirement Income Security Act rules for, 278, 280
 - filing, 283–286
 - getting paid after winning, 293–295
 - going to trial, 290–291
 - motion for summary judgment, 290
 - preparing to file, 280–283
 - response to, 286–287
 - retaliation from employer, 280
 - steps to take prior to, 277
 - successful, examples of, 279

concern, showing about litigation, 275
 conflict of interest
 attorney, 265–266
 fiduciary, 34
 contingency attorney, 271–272, 295
 contribution. *See also* catch-up
 contribution
 discretionary, 42
 employer nonelective, 43, 65, 315
 fixed compared to flexible, for small
 business owner, 317–318
 to 401(k) plan, 41, 59–60
 matching, to 401(k) plan, 303–304, 318
 nonforfeitable, 61
 pretax basis of, 56
 to Roth IRA, 78
 to SEP IRA, 83
 to SIMPLE IRA, 81
 tax-deferred, 332
 to traditional IRA, 72–75
 conversion to Roth IRA, 79
 cost-of-living adjustment, 324
 court, appealing decision of, 292–293
 court costs, 270
 co-worker, talking to, 250
 credit to defined contribution plan, 40
 creditors, protection from
 bankruptcy, 21–22
 inside of bankruptcy, 232–233
 levels of, 229–230
 outside of bankruptcy, 230–232
 planning, 233–234
 qualified plans, 29
 cross-tested profit-sharing plan, 43–44
 custodial agreement, 70

• D •

death, distribution after, 141–143. *See also*
 survivorship benefits
 debt, avoiding, 130
 deduction from defined contribution
 plan, 40
 deemed distribution, 20, 64, 198–199
 default investment, 101–102, 307
 default on loan, 20, 191, 198–199
 defendant, 283

defined benefit plan. *See also* standard
 termination
 annuity, 202, 203
 cash balance or hybrid, 50–51
 description of, 29, 46
 early retirement subsidies, 145
 412(i), 51–52
 individual benefit statement, 32
 investment decisions, 86–87
 maximum benefit, 47
 merger or acquisition, 167–168
 qualified preretirement survivor annuity,
 208–209
 for small business, 317
 survivorship benefits, 201
 as tax-qualified pension plan, 10
 termination of, 18–19
 termination of employment, 171–172
 terminology, 46–47
 traditional, 48–49
 types of, 11, 47
 underfunding of, 49, 243–244
 voluntary distribution, 135
 defined contribution plan. *See also*
 401(k) plan
 annuity, 202, 204
 cross-tested profit-sharing plan, 43–44
 description of, 29, 39–40
 distribution problem warning signs,
 242–243
 employee stock ownership plan, 45
 factors affecting benefit, 40–41
 features subject to amendment, 177–178
 fees of, 162
 individual benefit statement, 32
 maximum contribution to, 41
 merger or acquisition, 167
 money purchase pension plan, 44–45
 profit-sharing plan, 42–43
 qualified preretirement survivor
 annuity, 209
 required minimum distribution, 140
 survivorship benefits, 201
 target benefit pension plan, 45
 as tax-qualified pension plan, 10
 termination of, 19, 182
 termination of employment, 170–171

- types of, 11, 42
- vesting, 113
- voluntary distribution, 135
- withdrawals from, 41–42
- denial in full, 252
- denial in part, 35, 252
- denial in whole, 35
- denial of claim
 - appealing, 23, 253–255
 - Employee Retirement Income Security Act, 35
 - litigating, 255–256
 - notification of, 252–253
 - types of, 252
- Department of Labor
 - address of, 127
 - Employee Benefits Security Office, 163, 249
 - Employee Retirement Income Security Act, 37
 - as resource, 249
 - responsibilities of, 96–97
- deponent, 289
- deposition, 289
- designated beneficiary, 141–142
- designating beneficiary, 205–206, 300
- determination letter, 178
- determination letter request, 178, 179
- direct rollover, 148
- directed trustee, 159
- disability, physical or mental, 138
- disclosure requirements
 - amendments to plan, 179–180
 - class action lawsuit, 286
 - denial of claim, 252–253
 - overview of, 30–32
 - standard termination, 181–183
 - underfunded plan, 31, 125
- discovery process
 - depositions, 289
 - description of, 269, 283, 287
 - written, 288–289
- discretionary contribution, 42
- discretionary employer match, 61
- disputing validity of qualified domestic relations order, 222
- disqualified person, 94
- disqualified plan, 199–200
- disqualifying domestic relations order, 222
- distress determination, 18
- distress termination, 184–186
- distribution. *See also* distribution problem; rollover
 - after death, 141–143
 - at age 70½, 138–141
 - annuity, advantages of, 145–146
 - annuity compared to lump sum, 144–145
 - of assets in standard termination, 183–184
 - calculating, 305–306
 - creditors, 230
 - deemed, 20, 64, 198–199
 - from defined contribution plan, 41–42
 - early, taking, 135–138
 - exceeding loan limit as triggering, 196
 - filing claim for, 149–150
 - hardship, from 401(k) plan, 62–64
 - in-service, 41–42, 57, 135, 177
 - from IRA, 76–77
 - knowing when to take, 133–134
 - lump sum, advantages of, 147
 - mandatory, 136–137
 - options for, 143
 - receiving, 15–16
 - at regular retirement age, 134–135
 - required minimum, 138–141
 - reviewing for mistakes, 244–246
 - from Roth IRA, 80
 - from SEP IRA, 83
 - from SIMPLE IRA, 82
 - voluntary, 135–136
- distribution problem
 - dealing with, 22
 - in defined benefit plans, 243–244
 - in defined contribution plans, 242–243
 - major mistakes, 240–241
 - pensioner mistakes, 239–240
 - recordkeeping mistakes, 238–239
 - resources for, 246–250
- diversification
 - of investments, 93, 98
 - out of employer stock, 301–302
- divorce. *See also* qualified domestic relations order (QDRO)
 - domestic relations order, 21, 216, 219
 - obtaining documents in, 225

- divorce (*continued*)
 - pension plan not covered by Employee Retirement Income Security Act, 217
 - survivorship benefits, 214
- docket, 266
- documents. *See also* Form 5500 (IRS); summary annual report (SAR); summary of material modifications (SMM); summary plan description (SPD)
 - disclosure notice in underfunded plans, 31, 125
 - to double-check distribution amount, 245
 - for filing complaint, 281
 - individual benefit statement, 32, 124–125
 - for interview with prospective attorney, 264–265
 - for litigation, 273–274
 - obtaining in divorce, 225
 - personal, 127–128
 - records of contact with plan
 - administrator, 126–127
 - requesting, 125–126, 288–289
 - required, 122
 - storing, 300
 - under which plan operates, 125
 - domestic relations order, 20, 216, 219. *See also* qualified domestic relations order (QDRO)
 - drawing down, 310
- **E** •
 - early distribution, voluntary, 135
 - early retirement benefits, 176–177, 311
 - early retirement subsidy, 145
 - elapsed-time method of counting
 - service, 107
 - elective deferral
 - 401(k) plan, 43, 59
 - maximum, 41
 - elective deferral form, 55
 - electronic notification, 179–180
 - eligibility
 - age requirements, 106
 - definition of, 105–106
 - overview of, 14
 - for Roth IRA, 77–78
 - rule adherence, 109
 - for SEP IRA, 82
 - service requirements, 106–109
 - for traditional IRA, 71
 - eligible rollover distribution
 - description of, 147–148
 - under qualified domestic relations order, 223
 - emergency personnel, 138
 - Employee Benefits Security Office
 - contacting, 163
 - as resource, 249
 - Employee Retirement Income Security Act (ERISA)
 - applicability of, 26
 - description of, 10, 26
 - disclosure requirements, 30–32
 - enforcement of, 36–38
 - federal court, 258
 - fiduciary obligations, 33–34, 154–155
 - filing civil action under, 35–36, 255–256, 278, 280
 - goal of, 25
 - interest rates, 144–145
 - minimum funding rules, 243
 - pension lawsuit rules, 278, 280
 - plan amendments, 175
 - plan terminations, 175
 - qualified domestic relations order (QDRO), 216
 - requirements of, 30, 122
 - right to file suit under, 34–36
 - Section 404(c), 98
 - survivor annuities, 206–210
 - terminology of, 26–28
 - 204(h) notice, 179
 - employee stock ownership plan (ESOP), 45
 - employer
 - advantages of, 237–238
 - bankruptcy of, 172–173
 - expenses of, 162
 - retaliation by, prohibition on, 36, 280
 - stock of, 301–302
 - employer funded plan, 29
 - employer nonelective contribution, 43, 65

- ERISA. *See* Employee Retirement Income Security Act
- errors. *See also* distribution problem
- in distribution amount, 246
 - in personnel file, 239–240
 - in plan, 22
- ESOP (employee stock ownership plan), 45
- estimating income needed in retirement, 120, 303
- excise tax, 134, 139
- exhaustion of administrative remedies, 35
- expense ratio, 319
- expenses
- advancing, 269
 - of employer, 162
 - of plan, 94, 161–162
- **F** ●
- fairness hearing, 292
- Federal Bureau of Investigation (FBI), 97
- federal court system, 258
- fees
- for attorney, 269–272, 295
 - defined contribution plans, 162
 - for financial advisor, 131
 - hidden, 320
 - investment advice, 308
 - pension consultant, 320
 - for pension management, 88
- fiduciary
- definition of, 16, 27, 153
 - duties and permitted interactions of, 16–17, 156–157
 - employer expenses, 162
 - excessive or hidden fees, 160
 - financial advice from, 307
 - functional test for, 155–156
 - liability of, 159–160
 - monitoring, 162–164
 - obligation of under Employee Retirement Income Security Act, 33–34
 - picking investments, 99–100
 - plan expenses, 161–162
 - prohibited transactions with, 94
 - qualifications for, 154–155
 - reporting, 163–164
 - restricted activities of, 157–159
 - signs of bad, 163
 - temptation of, 154
- filing
- answer to complaint, 287
 - civil action under Employee Retirement Income Security Act, 35–36, 255–256, 278, 280
 - claim for benefits, 23, 149–150, 251–252
 - complaint, 283–286
 - financial advice from fiduciary, 307
- financial advisor
- finding, 131–132, 302
 - picking investments, 99
 - taking advantage of, 301
- Findlaw.com Web site, 263
- five-year holding period, 80
- five-year rule, 143
- fixed benefit plan, 48
- fixed contribution, 318
- fixed-period annuity, 203
- flat benefit plan, 48
- flexible contribution, 318
- forfeiture and accrual, 110
- Form 5500 (IRS)
- accessing, 86
 - description of, 123
 - reviewing, 87–88
 - Schedule B, 244
 - Schedule G, 94
 - Schedule H, 89, 91–92, 94–96
 - Schedule I, 92, 96
 - Schedule I, Part I, Item 3, 89–90
 - summary annual report, 31, 95
- formula to calculate benefits, 240
- 401(k) plan
- benefits of, 56–57
 - catch-up contribution, 56, 60
 - contributions to, 41
 - description of, 43, 55
 - employer match, 60–61
 - features of, 59–64
 - hardship distribution from, 62–64
 - investment options, 62
 - matching contributions to, 303–304
 - maximum contribution, 59–60
 - Roth type, 67–68

401(k) plan (*continued*)
 rules governing, 57–59
 Safe Harbor type, 64–65
 service requirements, 107
 SIMPLE type, 65–66
 for small business, 315–316
 solo type, 66–67
 taking loan from, 64
 tracking investment performance, 101
 types of, 12
 vesting, 61–62
 voluntary distribution, 135–136
401(k)s For Dummies (Benna and Newmann), 55
 403(b) plan, 53
 412(i) plan, 51–52
 457 plan, 53
 freezing benefits or participation, 186
 front-end load, 320
 full benefit accrual, 110–111
 fully insured plan, 51
 fully vested, definition of, 32, 105

• G •

grace period, 198, 199
 graded vesting
 definition of, 14, 112
 401(k) plan, 62
 seven-year schedule, 115
 six-year schedule, 113–114
 Great Lakes Pension Rights Project, 247

• H •

hardship distribution, from 401(k) plan, 62–64
 health insurance premium, 138
 hearing on appeal, 255
 higher education expenses, 138
 highly compensated employee (HCE), 44, 58
 hiring lawyer. *See also* interview of
 prospective attorney
 for divorce, qualified domestic relations order, 224–225
 finding, 234, 260–263
 identifying type needed, 257–259

overview of, 23, 272–273
 payment options, 269–272
 pension, 274–275
 home, buying or building
 distribution from IRA for, 138
 loan repayment, 195
 hour equivalencies, 107
 hourly rate attorney, 270–271
 hybrid pension plan, 50–51
 hypothetical account, 50

• I •

implementing qualified domestic relations order, 221–222
 imprudent directions, 159
 income
 increasing, 130
 needed for retirement, estimating, 120, 303
 during retirement, 120, 121
 index fund, 92
 individual account plan. *See* defined contribution plan
 individual benefit statement, 32, 124–125
 individual 401(k) plan, 66–67
 individual retirement account (IRA). *See also* Roth IRA; SEP IRA; SIMPLE IRA
 borrowing from, 77, 189
 contributions to, 72–75
 description of, 12, 69
 distributions from, 76–77
 eligibility requirements, 71
 information on, 70
 picking investments for, 75
 protection outside of bankruptcy, 231
 rollover to, 76
 trust agreement, 70
 types of, 13
 inflation and retirement savings, 122, 303
 initial consultation, 264, 265
 in-service distribution
 from defined contribution plan, 41–42
 from 401(k) plan, 57
 Pension Protection Act, 135
 as protected, 177
 inside of bankruptcy, creditor protection, 230

- insurance company as plan manager, 88
- interest rate
 on loan, 191, 193, 197
 lump sum equivalent of annuity, 309
 payout after lawsuit, 294–295
- Internal Revenue Service (IRS). *See also* Form 5500 (IRS)
 determination letter, 178
 Employee Retirement Income Security Act, 37
 minimum funding rules, 243
 plan amendment, 18
 plan disqualification, 200
 as resource, 249
 responsibilities of, 97
 unlawful party-in-interest transactions, 164
 Web site, 86
- interrogatory, 288–289
- interview of prospective attorney
 about chances of recovery, 265
 about pension litigation experience, 266–268
 about potential conflicts of interest, 265–266
 about process, 268–269
 about working process, 268
 calling to set up, 263–264
 overview of, 263
 preparing for, 264–265
- investment advice, fees for, 308
- investments, picking. *See also* investments, tracking
 advice, taking advantage of, 99–100, 301
 blackout, 102
 default investment compared to, 101–102, 307
 for IRA, 75
 mapping, 102
 overview of, 13, 97
 qualified default investment alternative, 101–102
 for small business, 319–320
- investments, tracking
 diversification, 88–89, 93, 98, 301–302
 Form 5500, 89–90
 overview of, 13, 85–86
 performance, 90–93
 purpose of, 87–88
 rule adherence, 93–96
 in self-directed plan, 100–101
 taking action, 96–97
- involuntary termination, 19, 184–186
- IRA. *See* individual retirement account; Roth IRA; SEP IRA; SIMPLE IRA
- IRS. *See* Internal Revenue Service
- **I** •
- job, taking second, 130
- Joint and Last Survivor Table, 140–141, 333, 340
- joint and survivor annuity, 203
- jurisdiction, 258
- **K** •
- key employee, 113
- **L** •
- lawsuit. *See also* class action lawsuit
 accepting settlement, 291–292
 appealing decision, 292–293
 components of, 283
 discovery process, 287–289
 Employee Retirement Income Security Act rules for, 278, 280
 filing, 283–286
 getting paid after winning, 293–295
 going to trial, 290–291
 motion for summary judgment, 290
 preparing to file, 280–283
 response to complaint, 286–287
 retaliation from employer, 280
 steps to take prior to, 277
 successful, examples of, 279
- lawyer
 contingency fees for, 295
 for divorce, qualified domestic relations order, 224–225
 for employer, 237
 finding, 234, 260–263
 hearing on appeal, 255
 hiring, 23, 272–273
 identifying type needed, 257–259

lawyer (*continued*)

- interviewing, 263–269
- payment options, 269–272
- pension, 249–250, 259
- relationship with, 274–275
- responsibilities of, 273–274
- terminating relationship with, 276
- warning signs in performance of, 275–276
- leave of absence and loan repayment, 195
- legislation. *See* Employee Retirement Income Security Act (ERISA); Pension Protection Act (PPA); Retirement Equity Act (REA)
- length of loan, 194–196
- level amortization, 196
- liability
 - definition of, 118
 - of fiduciaries, 159–160
- life and term certain annuity, 146
- life expectancy, 139–141, 241
- lifestyle after retirement, 120
- limitation on annual addition, 41
- litigating claim
 - attorney, 259
 - deciding whether to pursue, 255–256
 - expense of, 269
 - overview of, 23–24
- loan, avoiding in retirement, 130
- loan, taking from plan
 - adequate security, ensuring, 197–198
 - applying for loan, 192
 - benefits of, 190–191
 - default on, 20, 191, 198–199
 - disqualification of plan, 199–200
 - factors for approval or denial of loan, 193
 - 401(k) plan, 64
 - interest rate, 197
 - IRA, 77
 - limitations, 194–196
 - overview of, 19–20, 189
 - requirements, 193–194
 - risks of, 191
 - termination of, 199
- loan termination, 199
- lodestar and multiplier method, 295
- longevity after retirement, 121

lump sum

- advantages of, 147
- annuity distribution compared to, 144–145, 308–309
- calculation of, 184
- definition of, 47
- drawing down, 310
- rollover of, 183

• M •

- MAGI (modified adjusted gross income), 71, 72
- maintaining records of contact with plan administrator, 126–127
- mandatory distribution, 136–137
- mandatory employer match, 61
- mapping, 102
- Martindale-Hubble directory, 262
- matching contribution, 303–304, 318
- material modification, 179
- maternity leave, 108–109
- medical expenses
 - early distribution, 137
 - unreimbursed, 63
- merger of company, impact of on pension, 17–18, 166–169
- Mid-Atlantic Pension Rights Project, 247
- Midwest Pension Rights Project, 248
- military service and loan repayment, 195
- minimum required distribution, 76
- modified adjusted gross income (MAGI), 71, 72
- money purchase pension plan, 44–45
- Morningstar.com Web site, 320
- motion for summary judgment, 290
- motion, losing, 276
- motion to certify class, 285–286
- motion to compel, 289
- motion to dismiss, 287
- multiemployer plan, 328

• N •

- National Center for Retirement Benefits, 247
- negotiating fee for financial advisor, 131

net worth, calculating, 14–15, 118–119
New England Pension Assistance Project, 248
Newmann, Brenda Watson (*401(k)s For Dummies*), 55
nondiscrimination test, 43–44, 58
nonelective contribution, 315
nonforfeitable contribution, 61
non-highly compensated employee (NHCE), 44, 58
non-spouse beneficiary, 142, 205
Notice of Annuity Contract, 182
Notice of Annuity Information, 182
Notice of Identity of Insurers, 182
Notice of Plan Benefits, 182
notification requirements
 amendments to plan, 179–180
 class action lawsuit, 286
 denial of claim, 252–253
 overview of, 30–32
 standard termination, 181–183
 underfunded plan, 31, 125

● O ●

Ohio Workers' Compensation Fund, 154
online access to account, 302
optional benefits, 328
optional forms of benefits, 328
oral deposition, 289
outside of bankruptcy, creditor protection, 229–232

● P ●

participant-directed investment, 97
participation. *See also* plan participant
 special requirements for, 299
 standards for, 32–33
party in interest
 definition of, 96, 157
 prohibited transactions for, 158–159, 164
past-service credit, 111
paternity leave, 108–109
payout after lawsuit, 293–295
Pension Action Center, 261

Pension Benefit Guarantee Corporation (PBGC)
 defined benefit plan, 29
 distress and involuntary terminations, 184–186
 Employee Retirement Income Security Act, 37–38
 missing participants program, 150
 pension termination, 18–19
 plans covered by, 304
 qualified domestic relations order, 226
 as resource, 249
 standard termination, 180–181
pension consultant, 320
pension counseling services, 261
pension fund, definition of, 27
Pension Information, Counseling and Assistance Project of the Southwest, 248
pension litigation. *See also* litigating claim attorney, 259, 266–268
 government, 97
pension plan, definition of, 27
Pension Protection Act (PPA)
 accelerated vesting schedules, 113
 annual funding notice, 31
 description of, 1
 diversification out of employer stock, 301–302
 Employee Retirement Income Security Act, 10
 fees, 308
 fiduciary role, 99–100, 307
 funding rules for defined benefit plan, 48
 hardship distribution, 64
 individual benefit statement, 32, 124
 interest rates, 145
 non-spouse beneficiary, 142, 205
 non-spouse rollover, 148
 payment options, 203
 phased retirement, 135
 qualified default investment alternative, 101–102
 registered pension consultant, 157
 Roth IRA, 79–80
 survivorship benefits, 202
 underfunded plan, 31, 243–244
 vesting, 114, 115

- Pension Rights Center, 246–247, 261
- performance of investments, tracking, 90–93
- personal documents, 127–128
- Personal Finance For Dummies*, 5th Edition (Tyson), 99
- personnel file, error in, 239–240
- phased retirement, 135
- plan administrator
- definition of, 27
 - finding identity of, 87
 - functions of, 169
- plan administrator
- maintaining records of contact with, 126–127
 - qualified domestic relations order, 220
- plan amendment. *See* amendment
- plan beneficiary
- definition of, 27
 - designated, 141–142
 - designating, 205–206, 300
 - incorrect payments to, 210
 - non-spouse, 142, 205
 - notifying plan of change in, 239
 - required minimum distribution, 143–144
- plan disqualification, 199–200
- plan document, 125
- plan expenses, 94, 161–162
- plan participant
- definition of, 27
 - qualified domestic relations order, 220–221
- plan sponsor, 329
- plan trustee, 329
- plan year, 28, 134
- pleading, 268
- pooled asset funds, 87
- portability, 56
- postjudgment interest, 295
- PPA. *See* Pension Protection Act
- preapproval of qualified domestic relations order, 228
- prejudgment interest, 294
- prenuptial agreement, 212
- present value calculation, 144–145
- present value, definition of, 47
- pretax basis of contribution, 56
- profit-sharing plan
- description of, 42–43
 - for small business, 316–317
 - voluntary distribution, 135
- prohibited transaction
- for fiduciary, 94, 158
 - for party in interest, 158–159
- property and rollover, 148
- published decision, 276



- QDRO. *See* qualified domestic relations order
- QJSA (qualified joint and survivor annuity)
- description of, 20, 206–207
 - qualified domestic relations order, 227
- QPSA (qualified preretirement survivor annuity), 20, 208–209
- qualified default investment alternative, 101–102, 307
- qualified domestic relations order (QDRO)
- alternate payee, 216–217
 - Bankruptcy Act, 233
 - description of, 20, 215
 - disputing validity of, 222
 - disqualification of, 222
 - divorce attorney, 224–225
 - forms of, 217
 - implementing, 221–222
 - information included in, 218
 - limitations of, 218–219
 - plan documents, obtaining, 225
 - process of qualifying, 219–221
 - reviewing, 223
 - sending to plan administrator, 219
 - survivorship benefits, 214
 - taxes on, 223
 - vigilance, 228
 - “what if” questions, asking, 226–227
- qualified joint and 50 percent survivor annuity, 146
- qualified joint and 75 percent survivor annuity, 146

qualified joint and 100 percent survivor annuity, 146
qualified joint and survivor annuity (QJSA)
description of, 20, 206–207
qualified domestic relations order, 227
qualified preretirement survivor annuity (QPSA), 20, 208–209

• R •

rate of interest
on loan, 191, 193, 197
lump sum equivalent of annuity, 309
payout after lawsuit, 294–295
rate of return
calculating, 91–93
on investments, 122
REA (Retirement Equity Act)
spousal consent, 210
survivorship benefits, 202
receiving pension distribution, 15–16
recommendation of attorney, 260–261
record keeping, 126–127, 168–169
reduction in benefits, 306–307
registered pension consultant, 157
relationship with attorney, 274–276
release of claim, 281
repayment of loan, 194–196
reporting fiduciary, 163–164
requesting document, 125–126, 288–289
required minimum distribution
death after age 70½, 143
death before age 70½, 143
Joint and Last Survivor Table, 140–141
overview of, 138–139
Uniform Distribution Table, 140, 141
reservist status, 138
resources. *See also* Web sites
fellow pensioners, 250
for finding attorney, 262–263
government agencies, 249
pension professionals, 249–250
private groups, 246–248
response to complaint, 286–287
retainer agreement, 272–273
retaliation, prohibition on, 36, 280
retirement. *See also* retirement planning
age of, lifestyle options, 119–120
combining estimated costs and pension benefits, 129–130
cost of, 117–118
documents for planning, 122–128
estimating income needed in, 120, 303
inflation and saving for, 122
information to collect when planning, 128–129
longevity after, 121
net worth, calculating, 118–119
phased, 135
returning to work after, 311
saving for, to supplement pension benefits, 130–131
Social Security benefits in, 121
years until, 121
Retirement Equity Act (REA)
spousal consent, 210
survivorship benefits, 202
retirement plan, definition of, 27
Retirement Plan Dollar and Percentage Limits chart, 333, 337
retirement planning
key issues for, 305–311
life expectancy, 241
as priority, 14–15
retirement-type subsidy, 177
returning to work after retirement, 311
reviewing
benefit statement, 90–91
denial of claim, 254–255
Form 5500 (IRS), 86, 87–90
qualified domestic relations order, 223
summary annual report, 95
vesting policies, 116
work attorney produces, 275
revised summary plan description, 179.
See also summary of material modifications (SMM)
right to file suit under Employee Retirement Income Security Act, 34–36
rollover
direct, 148
of distribution, 15–16, 148–149

rollover (*continued*)

- eligible rollover distribution, 147–148
- mandatory distribution, 136–137
- to Roth IRA, 79
- from SEP IRA, 83
- taking advantage of, 309–310
- termination of employment, 170–171
- to traditional IRA, 76
- waiver of 60-day rollover period, 148

Roth 401(k) plan, 67–68

Roth IRA

- contributions to, 78
- conversion to, 79
- description of, 77
- distributions from, 80
- eligibility requirements, 77–78
- protection outside of bankruptcy, 231
- Roth 401(k) plan compared to, 68
- Roth, William V., Jr. (Senator), 77
- rule adherence of plan, monitoring
 - eligibility, 109
 - investments, 93–96

• S •

Safe Harbor 401(k) plan, 64–65

safety personnel, 138

SAR (summary annual report)

- description of, 31, 123–124
- reviewing, 95

Sarbanes-Oxley Act, 160

saving

- for retirement, 241
- to supplement pension benefits, 130–131

Savings Incentive Match Plan for

Employees (SIMPLE) IRA

- description of, 81–82
- IRA contribution limit, 78
- protection outside of bankruptcy, 232
- small business, 314–315
- vesting, 113

Schedule A of Form 5500, 88

Schedule B of Form 5500, 244

Schedule C of Form 5500, 87

Schedule G of Form 5500, 94

Schedule H of Form 5500, 89, 91–92, 94–96

Schedule I of Form 5500, 89–90, 92, 96

search engine, 262–263

Section 403(b) plan, 53

Section 457 plan, 53

Securities and Exchange Commission, as
resource, 132, 249

self-dealing, prohibited, by fiduciary, 158

self-directed investment, 13, 97

SEP IRA

- contributions to, 83
- description of, 82
- distributions from, 83
- eligibility requirements, 82
- IRA contribution limit, 78
- protection outside of bankruptcy, 232
- vesting, 113

separate interest method, 217

service

- break in, 107–108
- methods of counting, 107
- years of, definition of, 28

service requirements for eligibility,
106–109, 111

settlement

- accepting, 291–292
- payout after, 294

shared payment method, 217

SIMPLE 401(k) plan, 65–66

SIMPLE IRA

- description of, 81–82
- IRA contribution limit, 78
- protection outside of bankruptcy, 232
- small business, 314–315
- vesting, 113

Simplified Employee Pension Plan (SEP) IRA

- contributions to, 83
- description of, 82
- distributions from, 83
- eligibility requirements, 82
- IRA contribution limit, 78
- protection outside of bankruptcy, 232
- vesting, 113

single life annuity, 203

Single Life Table, 141–142, 333, 339

single-employer pension plan, 331

size of loan, 196

small business owner

- affordability of plan, 314
- defined benefit plan, 317

- fixed compared to flexible contributions, 317–318
 - 401(k) plan, 315–316
 - investment options, 319–320
 - matching contribution, 318
 - profit-sharing plan, 316–317
 - selecting plan, 313
 - SIMPLE IRA, 314–315
 - third-party administrator, selecting, 318–319
 - SMM (summary of material modifications)
 - amendments, 18, 123, 179
 - description of, 31
 - Social Security benefits, 121
 - solo 401(k) plan, 66–67
 - SPD (summary plan description)
 - amendments, termination, 176
 - description of, 14, 30–31, 123
 - loans to participants, 192
 - spouse. *See also* divorce; survivorship benefits
 - as beneficiary, 141–142
 - consent for loan, 194
 - contribution limits for IRAs, 74
 - Joint and Last Survivor Table, 140–141
 - waiver of survivorship benefits by, 210–213
 - standard termination
 - description of, 18, 180–181
 - distribution of assets, 183–184
 - notification regarding, 181–183
 - vesting, 181
 - Standard Termination Notice Single-Employer Plan Termination, 182
 - state court system, 258
 - State Laws Protecting IRAs chart, 333, 341–344
 - stock deal, 166
 - stock, employer, 301–302
 - straight life annuity, 146
 - subsidized annuity, 209–210
 - subsidized early retirement benefit, 177, 311
 - subsidized qualified joint and survivor annuity, 177
 - summary annual report (SAR)
 - description of, 31, 123–124
 - reviewing, 95
 - summary of material modifications (SMM)
 - amendments, 18, 123, 179
 - description of, 31
 - summary plan description (SPD)
 - amendments, termination, 176
 - description of, 14, 30–31, 123
 - loans to participants, 192
 - survivor annuity, automatic, and loan, 194
 - survivorship benefits
 - annuities, 202–204
 - description of, 20, 201
 - designating beneficiary, 205–206
 - divorce, 214
 - incorrect payment of, 210
 - plan amendment or termination, 213
 - qualified domestic relations order, 227
 - qualified joint and survivor annuity, 206–207
 - qualified preretirement survivor annuity, 208–209
 - Retirement Equity Act, 202
 - subsidized annuities, 209–210
 - unpaid taxes, 214
 - waiving, 210–213
 - written explanation of, 204–205
- 7 •
- tables. *See also* charts
 - Joint and Last Survivor, 140–141, 333, 340
 - Single Life, 141–142, 333, 339
 - Uniform Distribution, 140, 141, 333, 338
 - target benefit pension plan, 45
 - tax lien, 332
 - tax-deferred contribution, 332
 - taxes
 - on distributions, 134, 139
 - early distribution, 137–138
 - estimating retirement savings, 303
 - interest on loans, 191
 - payout after lawsuit, 293
 - qualified domestic relations order, 223
 - rollover of distribution, 148–149, 183
 - Roth IRA, 78
 - unpaid, survivorship benefits, 214
 - tax-exempt, definition of, 28

tax-qualified pension plan. *See also* defined benefit plan; defined contribution plan

- benefits of, 28–29
- description of, 10
- protection outside of bankruptcy, 230–231
- types of, 10, 29, 334–336

tax-sheltered annuity plan (TSA), 52

- 10 percent rule, 88–89

termination. *See also* termination of employment; termination of plan

- of attorney relationship, 276
- of loans from plan, 199

termination of employment

- borrowing from plan, 191
- defined benefit plan, 171–172
- defined contribution plan, 170–171
- overview of, 169–170

termination of plan. *See also* standard termination

- defined benefit, 18–19
- defined contribution, 19
- distress or involuntary, 184–186
- Employee Retirement Income Security Act, 175
- survivorship benefits, 213

third-party administrator, selecting, 318–319

top-heavy plan, 113

total accrued benefit, definition of, 28

traditional defined benefit plan, 48–49

traditional 401(k) plan. *See* 401(k) plan

traditional IRA. *See* individual retirement account (IRA)

trial, going to, 290–291

trust agreement, 70, 125

trusting attorney, 274

TSA (tax-sheltered annuity plan), 52

204(h) notice (ERISA), 179

typicality, 284

Tyson, Eric (*Personal Finance For Dummies*, 5th Edition), 99

• U •

underfunded plan

- defined benefit, 49, 243–244
- disclosure notice, 31, 125

- distress termination, 184
- uni (k) plan, 66–67
- Uniform Distribution Table, 140, 141, 333, 338
- unit benefit plan, 48
- unreimbursed medical expenses, 63
- Upper Midwest Pension Rights Project, 248
- user fees, 178

• V •

validity of qualified domestic relations order, disputing, 222

vesting

- cash balance plan, 50
- definition of, 14, 32, 105, 112
- forfeiture, 110
- 401(k) plan, 56, 61–62
- reviewing policies for, 116
- standard termination, 181
- types of, 112

vesting schedule

- accelerated, 113–114
- amending, 116
- dealing with multiple, 115–116
- description of, 112
- less rapid, 114–115

voluntary distribution, 135

• W •

waiver

- of rights, 281
- of 60-day rollover period, 148

waiver of survivorship benefits

- challenging, 212–213
- overview of, 210
- in prenuptial agreement, 212
- reasons for, 211
- requirements for, 211–212

warning signs

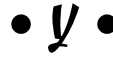
- attorney performance, 275–276
- defined benefit plans, 243–244
- defined contribution plans, 242–243

Web sites

- American Bar Association, 262
- attorney referral, 234

Department of Labor, 37, 96–97
Findlaw.com, 263
investment firms, 70
IRS, 37, 86
Morningstar.com, 320
Pension Benefit Guarantee Corporation
(PBGC), 38, 185
pension counseling services, 261
resources, 246–250
to review Form 5500, 86

Securities and Exchange Commission, 132
whipsaw calculations, 309
withdrawal from 401(k) plan, 57
withdrawal rate, 310
work, returning to after retirement, 311



years of service, definition of, 28
years until retirement, 121

