



KB Pension Services, Inc.
Retirement Plan Consulting and Administration

How will Form 5500 electronic filing (EFAST2) affect my retirement plan?

**Do you have questions regarding
the changes required for Annual
Plan Reporting beginning in 2010?**

We have the answers you need.

For retirement plans with a plan year beginning on or after January 1, 2009, the filing of Form 5500 is now required to be completed electronically. The paper forms you have signed and filed in the past are being replaced with the Department of Labor's EFAST2 electronic filing system.

KB Pension Services, Inc. will guide you through these complex changes with ease and the expertise you can depend on.



John Cotterman, QPA[®]/QKA[®]

jcotterman@kbgrp.com
(941) 953-7452

As president and shareholder of KB Pension Services, Inc. (KBPS), John Cotterman provides retirement plan design, consulting and administrative services to small and medium size businesses. In addition to managing KBPS, Mr. Cotterman is responsible for marketing the company's services to the businesses of the local community as well as to all of Central and Southern Florida.

Mr. Cotterman has been a member of the American Society of Pension Actuaries since 1988 and served as the Continuing Education Coordinator for Northern California for several years. He earned his Bachelor's Degree from Indiana University in 1972 with a major in mathematics.

Mr. Cotterman holds the designations of Qualified Pension Administrator (QPA) and Qualified 401(k) Administrator (QKA) from The American Society of Pension Actuaries.

[®]Qualified Pension Administrator
[®]Qualified 401(k) Administrator



KB Pension Services, Inc.

Retirement Plan Consulting and Administration

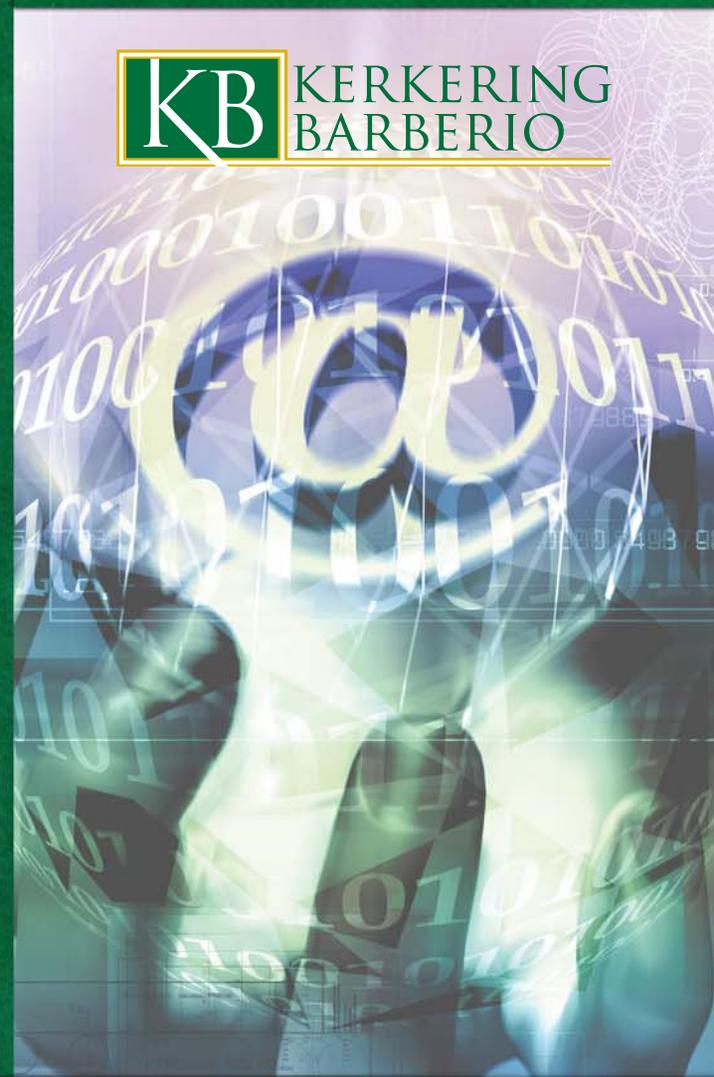
1990 Main Street, Suite 801
Sarasota, Florida 34236

Telephone (941) 953-7452
Fax (941) 954-3207

E-mail: kbpension@kbgrp.com
Web Site: www.kbgrp.com

John Cotterman, QPA[®]/QKA[®], President

[®]Qualified Pension Administrator
[®]Qualified 401(k) Administrator



Changes required for Annual Plan Reporting beginning in 2010

With the exception of a plan covering the sole owner (and his/her spouse) or partners in a partnership (and their spouses) and no other employees, all plans, including retirement, welfare, and 403(b) plans,

will need to file their Form 5500 electronically. Owner-only plans which satisfy certain requirements will file a paper copy of the Form 5500-EZ with the IRS. However, owner-only plans which satisfy the requirements to file a Form 5500SF may elect to file electronically.

As your third-party administrator, KB Pension Services, Inc. will continue to prepare your Form 5500 filing as part of our annual services. Beginning with the required 2009 filings in the spring of 2010, we will prepare your Form 5500 filing on a Web-based system to satisfy the new electronic filing requirements.

To be able to access the Web-based electronic filing requirement beginning January 1, 2010, you will need to ensure you have access to a computer system with email and internet capabilities.

As we prepare for your 2009 plan year reporting requirements, we will provide additional information on the process for completing the required filing. At the current time, the process for filing the Form 5500 will be as follows:

1. KB Pension Services, Inc. will prepare your annual accounting and reporting as normal, and we will process your Form 5500 reports on the electronic web-based reporting system.
2. As plan sponsor, you will go to a designated DOL website and enter required information. You then receive an email with a link to a Web site where you receive the necessary credentials (signer ID and PIN code).
3. KB Pension Services, Inc. will invite you to a "signing party," and you will go to the Web site, enter your signing credentials, and submit the electronic forms to the DOL.

Every individual who signs the Form 5500 for the plan must obtain their own signature credentials. Also, the government limits one set of credentials per email address.

In addition to the electronic filing requirement, the plan sponsor must also print a copy of the filed Form 5500 for backup recordkeeping purposes.

Changes required for Large Plan Reporting

with the name of the firm and its address. The report must be signed by the accountant completing the audit. The filer then scans the audit into PDF format and attaches it to the Form 5500 filing as part of the Schedule H.

A plan subject to the audit requirement may not file a Form 5500 without the audit report being attached. The DOL will not accept the filing without this report, and the plan sponsor will be subject to non-filing (or late filing) penalties if the report is not properly completed and included with the filing. Auditors should be prepared for this requirement at this time, and it is not anticipated that this will result in any problems. However, due to the filing deadlines, audit work for the 2009 plan year should begin much earlier than in prior plan years. You may want to engage your auditor at the earliest possible time and ensure they are aware of the new filing requirements.

If an extension is needed for the electronic filing of the Form 5500, the process will remain the same as in past years. KB Pension Services, Inc. will prepare the necessary Form 5558 and file it with the DOL as in past plan years. However, unlike the current procedure, the Form 5558 extension will not be included in the final Form 5500 electronic filing.

New simplified filing option

Effective with the 2009 plan year filing, a plan sponsor which satisfies the following requirements may file the Form 5500-SF:

1. The plan has less than 100 eligible participants at the beginning of the plan year;
2. It is eligible for the audit waiver as a small plan;
3. The plan does not have any employer securities as plan assets;
4. All plan assets are 100% invested in funds with a readily ascertainable value (such as daily valued mutual funds and bonds).

If your plan is subject to audit requirements (over 100 eligible plan participants), the DOL requires the independent accountant to complete the audit on its firm's letterhead

The Form 5500-SF will be very similar to the Form 5500-EZ and will include all required reporting on one simple schedule, instead of the multiple schedules that are part of the regular Form 5500 filing. KB Pension Services, Inc. will ensure if your plan qualifies for this simplified filing that this is the option used for the 2009 plan year reporting to the DOL.

What happens next?

As we obtain more information on the new electronic filing procedures, we will pass that information on to you. The final procedures are expected to be provided with your 2009 annual reporting. All persons who are required signers of the Form 5500 for your plan should begin the process now of obtaining access to a computer with both email and internet capabilities, if you currently do not have those available to you.

Once you have this access and an email address, you should communicate this information to your plan consultant at KB Pension Services, Inc. If our records have only the email address for a contact person at your firm who is not the authorized signer of the Form 5500, you will need to provide us with that email address for the authorized plan signer, as only the authorized signer can access and file the electronic Form 5500 beginning in 2010.

If you have any questions on this matter, please contact your plan representative at our offices.



KB Pension Services, Inc.

Retirement Plan Consulting and Administration

1990 Main Street, Suite 801
Sarasota, Florida 34236

Telephone (941) 953-7452
Fax (941) 954-3207

E-mail: kbpension@kbgrp.com
Web Site: www.kbgrp.com

John Cotterman, QPA®/QKA®, President

*Qualified Pension Administrator
*Qualified 401(k) Administrator