

UPDATE

Employee Benefit News for
The Cooperative Industry

December 2018

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Year End for Participants and Sponsors

As another year winds to a close, it is an important time for both plan participants and sponsors alike. There are several things both groups need to think about and prepare for going into the new year.

Plan Participants

January usually brings with it many resolutions. While some may focus on getting into shape, both mentally and physically, it is also important to get into good financial retirement shape — no matter the age of the participant. However it is especially important for those getting closer to retirement age.

Savings

There are several things a participant can do when reviewing their financial retirement health. First, are they taking advantage of the Co-op 401(k) Plan? While some sponsors offer different retirement options such as a Pension plan, does that do enough? By contributing as little as 1%, participants can earn thousands of dollars over their career for their retirement.

If they are saving in the Plan, are they saving enough? Are the participants taking full advantage of the employer match (if applicable)? Most experts recommend that participants save 10% - 15% of their income for retirement.

One tool that can help participants determine if they are saving enough to meet their financial goals in retirement is the PlanAhead for Retirement® calculator (PAR) which is available on MillimanBenefits.com.

PlanAhead for Retirement considers all potential sources of income for participants in retirement, including data from other retirement accounts (spouse information, pension and other retirement accounts) and then calculates an easy-to-understand per month retirement income estimate.

PAR can also help participants project when they should start to begin drawing from Social Security, what to expect from different investment strategies and other benefits.

Investments

Another area a participant should periodically revisit is their investments. Participants should review their investment allocations to help ensure their current portfolio is set appropriately for their age and risk tolerance. Over time, due to normal marketing fluctuations, a portfolio may become misaligned from its intended investment strategy. Participants can help alleviate that by setting their Co-op 401(k) Plan to automatically rebalance. This feature allows participants to select to have their account rebalance to their

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Co-op 401k Plan 

AMERICA'S LEADING 401(K) PROGRAM FOR COOPERATIVES
Administered by Milliman

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chosen allocations on a quarterly, semi-annual or annual basis.

The Co-op 401(k) Plan also offers InvestMap™ as an investment strategy. InvestMap combines the concepts of risk-based model portfolios and age-based target retirement date funds. The result is a glidepath that will automatically adjust the participant's allocation as they near retirement.

Plan Sponsors

Year end processing begins with you, the Plan Sponsor. After Milliman processes your final payroll file for the plan year, a year-end census report will be produced and made available online. As a Plan Sponsor, you will receive an email stating that the report is ready. If you are a first time user of Milliman's secure web portal, you will receive a second email with your password. This census report contains information about your employees such as salaries, date of birth, date of hire, date of eligibility, hour and compensation and if applicable, date of termination.

Milliman uses data from the census report for many different aspects of the plan.

Participant Accounts. The census includes information that impacts participants accounts. This includes:

- Eligibility
- Vesting
- Loan and Distribution options

Nondiscrimination Testing. Milliman will use the census data to determine if the Plan meets the requirements for nondiscrimination testing. The purpose of this test is to ensure benefits provided to Highly Compensated Employee

(HCEs) are not disproportionate to those benefits provided to Non-Highly Compensated Employees (NHCEs).

Contributions/Forfeitures Allocations. If your plan offers a profit sharing contribution Milliman will use the census data to determine eligibility and the allocation amount on your behalf.

Form 5500. The Form 5500 is part of ERISA's overall reporting and disclosure framework, which is meant to ensure the Co-op 401(k) Plan is "operated and managed in accordance with certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefit plans."

Milliman encourages you to review and return the census report within two weeks from receipt to help ensure that compliance testing is completed within 2½ months after your Plan Year end.

In addition, Milliman will also send a questionnaire for use in determining if you will be funding a profit sharing contribution, who will be signing the Form 5500 and other general information about the Plan.

After you have reviewed the census report, and completed the questionnaire, log back into the web portal and upload the files.

The end of the year processing is a very important aspect of the Plan. If you have any questions, or need assistance, please call your Relationship Manager or 800.652.6675 option 2.

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