

## What's Inside

- 1 Polly Want a QACA?
- 3 A Way to Save FICA
- 4 Is it Time for a Benefits Check-Up?

## In Every Issue

- 1 Dorn's Corner
- 2 Client of the Quarter
- 3 What's Happenin'
- 4 FAQ

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## Polly Want a QACA?

Seriously though, what is a "QACA" and would your 401(k) plan benefit from one? "QACA" stands for Qualified Automatic Contribution Arrangement. It is the new safe harbor automatic enrollment program in the Pension Protection Act (PPA). It is designed to encourage plan sponsors to automatically enroll employees in their 401(k) plan. The QACA rules apply to plan years beginning after December 31, 2007.

To be considered a QACA, the following must be true:

- The automatic contribution percentage is at least 3%, but not more than 10%. The minimum deferral for the first year of participation is at least 3% of compensation. This minimum increases to 4% at the beginning of the second plan year; 5% for the third year; and 6% for the fourth year. At no point can the automatic percentage exceed 10%.

- Only two groups of eligible employees are exempt from automatic enrollment. The first exception is for employees who have already made a salary deferral election. The second exception is for eligible employees who have made a written election not to defer.
- The plan sponsor must make either of the following "safe harbor" contributions:



*continued on page 6*

## Dorn's Corner



How can you change people around you? The answer is easy --- you can't!

How many women marry with the idea of "I'll change him after we're married?" This applies to men as well. How often does this work? Close to never.

So does that leave us helpless in creating a better family life or a better working organization? Not at all!

What about improving our nation or the entire world? There is a way. In order to change the world, you must first change yourself. If you want to improve a relationship -- change your

attitude and thinking about the relationship. Change *yourself* -- not *them*.

So how do you change you? You "work" on yourself. As you expand your horizons and grow emotionally, others around you will change. It's more than setting an example, although that is certainly part of it. By changing yourself, you attract circumstances and people who are more "in sync" with your growth. It could result in walking away from existing relationships or, in the workplace, letting people go. Often, however, those around you will change as you change.

*continued on page 5*

# Client of the Quarter

# NASCO



We are pleased to present NASCO Industries, Inc. as our Client of the Quarter. We have provided administrative services for their ESOP for several years.

NASCO Industries, Inc., founded in 1979, is North America's leading manufacturer of protective all-weather gear. Specializing in a variety of wet weather and cold weather apparel, NASCO celebrated their 25th anniversary in 2004.

NASCO is proud of their outerwear which plays a significant role in workplace safety. Over the years, they have grown to be one of the largest and most reliable manufacturers of protective all-weather gear. Whether you need protection from an electric arc, a flash fire, a chemical splash or a road-side traffic hazard,

a specialized NASCO product is available.

NASCO manufactures the highest quality products available using digitally mastered patterns and computerized assembly techniques. NASCO's "Made in USA" quality is engineered into every garment. They understand a balance must be struck between safety and comfort, but you no longer need to sacrifice one for the other. NASCO's mission is to maximize safety, comfort and functionality of their products with waterproof, breathable and safe protective outerwear solutions.



NASCO's newest product group is their line of PoliceWear products. Developed to keep public safety officials dry, comfortable and visible in foul weather, these products are designed to accommodate a range



of form and function. This line is used by employees of correctional facilities, security companies, police officers and emergency service personnel. Whether the need is increasing visibility while directing traffic or maintaining the high department image of the dress uniform, their

PoliceWear products keep you safe, dry and comfortable.

Our very own Emily Spencer visited the International Poultry Expo here in Atlanta in January where NASCO was showcasing their outstanding lines of work wear!



Please check out NASCO Industries, Inc. by visiting their website:

[www.nascoinc.com](http://www.nascoinc.com)

or see them throughout the year at various trade shows. ■

## NASCO

### Protective Outerwear Solutions



## A Way to Save FICA

Cafeteria plans provide great tax savings for your employees. In addition, they provide substantial FICA savings for you as the employer. You can save up to 7.65% on employee contributions to the Premium Only Plan (POP) and the Flexible Spending Account (FSA). These savings can offset the administrative expenses of the plan and also offset any employer losses from terminated employees spending more than they contributed to the FSA.

Here are examples of savings our clients have experienced:

	Client Company A	Client Company B	Client Company C
Participants	139	86	30
Total Contributions	\$ 230,000	\$ 164,000	\$ 60,850
FICA Savings	\$ 17,595	\$ 12,546	\$ 4,655

The clients in these examples had FICA savings that not only completely offset administrative fees but also allowed for additional savings!

Let us provide you with a detailed analysis of your potential savings if you implement a Cafeteria Plan. Please contact Cynthia Navan-Clark at 678-775-5551. ■



## What's Happenin'

Congratulations are in order this quarter to:

- Kathy Latour on her new designation, QKA (Qualified 401(k) Administrator);
- Kim Hall on passing one of the exams sponsored by ASPPA; and
- Adrian Johnson on passing her health insurance licensing test.

Wedding bells were ringing in Las Vegas on July 2 when Stephanie Davis and Bill Anderson were married. We also congratulate Stephanie on her new marketing consulting firm. Swerdlin & Company is her first client. She will continue to work with us on our Swerdlin

Quarterly Newsletter as well as other projects.

We welcome new employees this quarter: Shelley Howell, Robert Snowden, Rigbe Hailesslassie and John Breier to the DayPak Team; Nick Wilson to the Cafeteria Team; Kevin Norman to the IT Team; Kathy Preston to the Blue Team; and Dell Kubler to Swerdlin Benefits Company. Photo on page 5.

Anniversaries we celebrate this quarter: Melissa Spencer, 15 years; Glenda Devechio, 12 years; Kathy Latour, 9 years; Aaron Cox, 5 years; Michele Gresham and

Patti Williams, 4 years; Travis Rosenbaum, 3 years; Kristin Ellis, 1 year.

Swerdlin hosted the New South Chapter ESOP Seminar on Repurchase Liability Obligation on July 26 at our offices.

On August 9, Lee Swerdlin spoke on "Trends in the Industry" at the Georgia Aquarium.

It was Swerdlin's annual "Bring Your Dog to Work Day" on June 22. As always, we had a lot of fun! ■

# 2007

## Bring Your Dog to Work Day

More photos at [www.swerdlin.net](http://www.swerdlin.net)

# Is It Time for a Benefits Check-Up?

Have you looked at all of the fringe benefits you provide your employees?

These can include:

- Retirement plans: *Qualified and Non-qualified*
- Medical benefits
- Disability benefits: *short and long term*
- Group life insurance
- Vacations
- Holidays
- Employer FICA
- Voluntary benefits through payroll deduction

Is it time for a benefits check-up? By asking yourself the following questions, you can determine areas that need attention:

- 1) Do we have gaps and/or overlaps in our benefit coverage?
- 2) Have our organizational objectives changed since we originally set up our benefit plans?
- 3) Have we experienced or do we anticipate any acquisitions, mergers or spin-offs?
- 4) Has our employee population changed? If so, how does this affect employee benefit needs?
- 5) Are there ways to save taxes within our benefit program?
- 6) Have new plan design features or new products become available to provide better benefits or help reduce our costs?

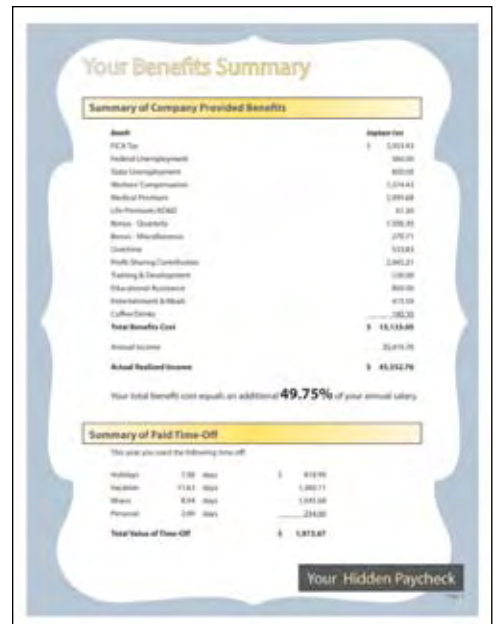
- 7) Was our benefit program developed piecemeal with minimal coordination?
- 8) Are we getting the biggest “bang for our buck” with our current benefit program?
- 9) Do our employees properly understand and appreciate their benefits?
- 10) Do our employees know the cost and value of their benefits?
- 11) Are our service providers offering the best service at the most reasonable cost?
- 12) Do we have too many service providers with little coordination among them?
- 13) Do our employees need certain benefits we do not provide? Are there benefits we provide which our employees do not need?
- 14) How does our benefit program compare with our competitors or within our industry?

Where do you turn for help with these questions?

Swerdlin & Company can perform an overall employee benefits study. We can address any of the items listed above that may currently affect you. We can also help you determine how the level of benefits you offer compares to others in your industry as well as companies of similar size. We can research this data, survey other companies, and gather pertinent information to present to you in an easy to understand format.

To get the best “bang for your buck,” let us produce Comprehensive Benefit Statements to be distributed to each of your employees. These statements are customized and list all benefits provided for each employee and the actual dollar amount spent on each benefit. The statements can be as simple or as elaborate as you choose. Most employees are shocked to see how much their employer pays in fringe benefits on their behalf. Why not get credit for what you are already doing?

If we can help you in any of these areas, please call Lee Swerdlin at 678.775.5553. ■



## FAQ

**Q** Our plan excludes non-resident aliens. How does that affect one of our employees who works in the US and lives just across the border in Canada?

**A** This exclusion only applies to non-resident aliens with no US income. Since your employee receives US taxable income, he is eligible to participate in your plan.

**Q** We have to pay an excise tax of \$9.00. It will probably cost more than that to prepare and mail the required tax form. Is there a minimum under which you don't have to pay?

**A** The IRS says if the amount of the excise tax is under \$100, you can contribute it to the plan rather than filing the form. Note, however, that even though you don't have to file with the IRS, if the excise tax was in relation to a filing with the Department of Labor, you still have to complete the form and attach it to the DOL submission.

**Q** We are a corporate employer sponsoring a Health and Welfare Plan that is subject to ERISA. Are there specific requirements we have to meet?

**A** Plans subject to ERISA (Employee Retirement Income Security Act of 1974)

are subject to reporting and disclosure requirements such as:

- 1) Plan Document must be in writing.
- 2) Summary Plan Description (SPD) must be provided to employees.
- 3) Form 5500 must be filed if over 100 participants.

If you are not meeting any of these requirements, we can help you bring your health and welfare plans up-to-date. Please contact Glenda Devechio at 678.775.5510. ■

## Dorn's Corner

continued from page 1

So, how do you change yourself? One way is to think about what you think about. I've read that "thoughts become things" and I believe this to be true. We create our world by our thoughts. What we believe limits our awareness; if we change our beliefs, we can expand our awareness. We must look inside ourselves to change our world.

Dr. Wayne W. Dyer just released his new book called "Change Your Thoughts – Change Your Life." One of his quotes in the book is, "Instead of believing you know what's best for others, trust that they know what's best for themselves."

How have I "worked on myself" to change? I've always been interested in what I'd call spiritual questions. Why are we here? Is there life after death? Are there other intelligent beings in our universe? What is out there beyond that which our five senses can perceive? How can I change the world? Researching these questions led me to learn to meditate.

In 1990 I began meditating twice a day. Since then I have not always been consistent with my meditation, but in the past couple of years, I've been much more committed. Meditation helps me relax and relieve stress. Some say that stress is the fundamental cause of all disease. Studies show that blood pressure drops, brain electrical output is more coherent, and other physical and mental conditions are

enhanced by meditation. This data has been proven scientifically, over and over.

In 1992, I joined a leadership program which included one year of intensive looking inward and several years of follow-up conversations. This program changed the way I viewed myself and my role as husband, father, and business leader. It wasn't always pleasant to learn things about myself, but it proved to be valuable in my growth. The biggest breakthrough for me was becoming aware that circumstances in my life which I blamed on others were actually *my* responsibility. This hurt but, at the same time, it gave me the power to change the circumstances in my life that I was blaming on others. And remember, as I said above, you can't change others.

Another way I work on myself is to meet weekly with a coach who helps me keep my thinking straight. Whenever I get off track (blaming others, for example), he calls me on it. He always corrects me when I say, "I'll *try* to do that." He knows that my "trying" to do something is not a true commitment. It leaves me a "way out" if I don't do what I say. He prefers me to say, "It is my intention or my goal to do that" or, even

better, "I'm committed to take this action" if I am actually that committed.

How do we change the nation or the world? Electing new leaders doesn't work because our leaders are a reflection of our collective national or local consciousness. We must change our collective consciousness. Science talks about how a critical mass can change a system to a higher state. This is true about our collective consciousness. Chaos theory says new order derives from chaos and evolution of the old order.

If enough of us can change *ourselves* to a higher awareness, and if we connect with others who are doing the same to attain a critical mass, the world can change dramatically in a short time frame. I believe the time is right for such a change. I'm committed to continue working on myself by looking inside. I invite you to do the same. ■

## Welcome New Employees

Starting from bottom:  
Row 1: Rigbe Hailesellassie  
Row 2: Kathy Preston  
Row 3: Shelley Howell & Robert Snowden  
Row 4: Kevin Norman & John Breier  
Row 5: Dell Kubler & Nick Wilson



- 1) a matching contribution of 100% of the first 1% deferred plus 50% of the next 5% deferred. An employee who defers at least 6% of compensation will receive the maximum match of 3.5%, or
  - 2) a non-elective contribution of at least 3% of compensation to all eligible employees. There are no hours or service requirements for an eligible employee to share in this contribution.
- The safe harbor contribution accounts are not available for in-service withdrawal before age 59½.
  - Participants must be 100% vested in their safe harbor contributions after two years of service.
  - Participants must be given notice of the QACA. Thirty days before the beginning of each plan year, all eligible employees must be given written notice of their rights and obligations regarding the automatic enrollment. A notice should be given to new employees 30 days before their plan entry date, or on their date of hire if they are immediately eligible. The notice explains the employee's right to decline automatic enrollment or change the election amount, as well as the right to stop deferrals at any time.

What do you do if an employee asks for his money back? PPA provides a 90 day revocation which can be included in the plan amendment. If automatic deferrals begin and an employee realizes he did not want to make salary deferrals, he can request a return of his deferrals within the first 90 days following the date he entered the plan.

Why might you want a QACA? The primary advantage is that 401(k) plans with a QACA are exempt from ADP/ACP testing of deferrals and match and the Top-Heavy rules. The QACA is less expensive than previous safe harbor arrangements in two ways. Plans may require participants to work up to two years before they are 100% vested in their QACA employer match. The QACA match of 3.5% of compensation is less expensive than the pre-PPA safe harbor match of 4% of compensation.

What should you consider before establishing a QACA? Like other safe harbor contributions, all employees who are eligible for the plan must be eligible for the QACA. The QACA could cause additional administrative work. Due to the automatic deferral increase each year, the challenge is to accurately track participants who are automatically enrolled and at what percentage.

Please call your Client Manager to discuss whether a QACA is right for your plan. ■

## Vision Statement

We strive for financial strength for our clients, our employees and our company by caring to be the best.

We are committed to be the leading employee benefit consulting firm in our market. We achieve this through cooperative teamwork, community building and continuous learning and development.

## Mission Statement

We focus primarily on design and administration of all types of employee benefit plans. Our mission is to develop relationships with our clients, our employees and our community so that all parties grow and develop financially and otherwise.

## Shaping Your Benefits World

Knowing the complexities and understanding the choices and options available in the benefits world shouldn't be a focus of your job; it's a focus of ours. We help you shape your benefits program to better meet the needs and goals of your company and your employees. Swerdlin & Company is the only resource you need to answer all of your benefit questions. Our job is to make yours easier!



## Swerdlin & Company

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