



## Hurricane Rita Affects Retirement Plan Administration

**WHO'S AFFECTED** This information applies to sponsors of qualified pension, profit sharing and stock bonus plans, including 401(k) plans, multiemployer plans, governmental plans and church plans. It also applies to ERISA 403(b) plans and non-ERISA 403(b) programs, and to governmental section 457 plans.

**BACKGROUND AND SUMMARY** In response to the arrival of Hurricane Rita in Texas and Louisiana, the IRS, the Department of Labor (DOL), and the Pension Benefit Guaranty Corporation (PBGC) have granted extensions of certain deadlines for both plan sponsors and participants directly affected by this disaster. This relief is similar to the relief provided by these agencies following the arrival of Hurricane Katrina, less than one month earlier.

However, it is important to note that *Hurricane Rita relief is not identical to Hurricane Katrina relief*. The IRS, DOL and PBGC have not yet extended to the Hurricane Rita victims all of the relief provided to Hurricane Katrina victims. For example, no special hardship distribution or plan loan relief is currently available to either individuals directly affected by Rita or individuals who were indirectly affected by the storm. In addition, the special distribution and plan loan relief provided by the Katrina Emergency Tax Relief Act of 2005 (KETRA) does not extend to Rita victims. Also, the DOL has not provided any formal relief from its standard contribution deposit timing rules for plan sponsors that are victims of Hurricane Rita.

Several locations in Louisiana have been declared disaster areas with respect to both Katrina and Rita. In these situations, the regulatory relief provided for Katrina victims and by KETRA will generally be more generous than the regulatory relief provided so far for Rita victims.

**ACTION AND NEXT STEPS** Plan sponsors should review the information in this publication to determine potential impacts to their plans and programs. If you need more information regarding the various extensions or special plan loan and hardship distribution opportunities, please contact your Prudential Retirement representative.

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## Extension for Filing Form 5500 and Form 5500-EZ

For certain plans whose Form 5500 and Form 5500-EZ filings were due on or after September 23, 2005, the IRS, DOL and PBGC have extended the filing deadline. This “Form 5500 Disaster Extension Date” is **February 28, 2006**. Filers that are entitled to this relief should check Part I, Box D on the Form 5500, or Part 1 on Form 5500-EZ and attach the appropriate statement as described in the Instructions to the applicable Form. The related Summary Annual Report (SAR) distribution deadline is automatically extended for affected plans.

This extended filing deadline applies to plan administrators, employers and other entities that are located in the “directly affected areas” of the country. It also applies to filers located outside the directly affected areas that are unable to obtain the necessary information from service providers, banks or insurance companies whose operations were directly affected by the hurricane. For purposes of this extension, the “directly affected areas” include all Louisiana parishes and all Texas counties.

It is important to note that **February 28, 2006**, is also now the “Form 5500 Disaster Extension Date” for [victims of Hurricane Katrina](#). The previous January 31, 2006, extended deadline was further extended by KETRA.

## Deductible Contribution Deadline

Generally, tax-deductible contributions to qualified retirement plans must be made by the due date (including extensions) for filing the employer’s federal tax return for that taxable year. For taxpayers in Louisiana and Texas, the IRS has extended the deadline for contributions due on or after September 23, 2005, to **February 28, 2006**. This extension is automatic for taxpayers in parishes and counties designated as [Disaster Areas eligible for Individual Assistance](#) as the result of Hurricane Rita. Taxpayers in Louisiana parishes and Texas counties designated as Hurricane Rita [Disaster Areas eligible for Public Assistance](#) need to identify themselves to the IRS as hurricane victims by writing “Hurricane Rita” in red ink at the top of tax forms or other documents filed with the IRS, other than Form 5500 or Form 5500-EZ.

Again, this **February 28, 2006**, extension also applies to [taxpayers in Louisiana parishes designated as Hurricane Katrina Disaster Areas eligible for Individual Assistance](#).

## PBGC Relief

The PBGC has also extended a number of deadlines that apply to a “designated person.” A “designated person” is any person responsible for meeting a PBGC deadline who:

- Is located in Louisiana or Texas; or
- Cannot reasonably obtain information or other assistance needed to meet the deadline from a service provider, bank, or other person whose operations were directly affected by Hurricane Rita.

Filers that are entitled to this relief should type or print the words: “Hurricane Rita” at the top of the filing. Filers should also check the disaster relief box at the top of Form 1 or Form 1-EZ.

If a plan administrator is a designated person, any PBGC premium filing that was due on or after September 23, 2005, and before February 28, 2006, will be treated as being made timely if it is made by **February 28, 2006**. As a result, the PBGC will waive any late payment or filing penalty. However, the PBGC will not waive the applicable interest charge.

The PBGC has also extended to **February 28, 2006**, all of the following deadlines that fall on or after September 23, 2005, and before February 28, 2006, if the plan administrator is a designated person:

- The single employer plan termination deadlines for:
  - Filing Form 500 and providing notices of plan benefits to participants and beneficiaries;
  - Distributing plan assets;
  - Filing Form 501 and related missing participant information and certifications, and paying missing participants' benefits to the PBGC without interest; and
  - Filing Form 601.
- Any deadline for providing underfunded plan Participant Notices.
- Filing reportable event post-event notices. If the filing deadline is 30 days after the Plan's Form 5500 due date and the Form 5500 Disaster Extension Date applies, these reportable event notices must be filed no later than 30 days after that date.

In other situations, the PBGC will grant case-by-case relief.

These **February 28, 2006**, extensions also apply to [designated persons eligible for Hurricane Katrina relief from the PBGC](#).

## IRS Compliance Relief

In addition to extending certain Form 5500 filing deadlines, the IRS has extended to **February 28, 2006**, the following compliance deadlines for taxpayers, including both plan sponsors and plan participants, located in Louisiana or Texas:

- Plan loan repayment due dates and loan maturity dates occurring on or after September 23, 2005;
- Sixty-day rollover periods for distributions made from qualified plans, 403(b) arrangements, or governmental section 457 plans, which would normally have ended on or after September 23, 2005;
- Annual payments scheduled to be made on or after September 23, 2005, to qualify distributions as part of a series of substantially equal periodic payments and avoid the 10% excise tax;
- Minimum required distributions due to be made from qualified plans, ERISA 403(b) plans and programs, and section 457 plans on or after September 23, 2005;
- ESOP diversification election period deadlines occurring on or after September 23, 2005;
- ESOP diversification distribution deadlines occurring on or after September 23, 2005;
- 401(k) plan excess contribution (from failed ADP tests) distribution deadlines occurring on or after September 23, 2005;
- Excess aggregate contribution (from failed ACP tests) distribution deadlines occurring on or after September 23, 2005;
- ESOP dividend distribution deadlines occurring on or after September 23, 2005;
- ESOP put option deadlines occurring on or after September 23, 2005;

- ESOP employer securities repurchase deadlines occurring on or after September 23, 2005;
- Deadlines for employers to pay for ESOP repurchased securities occurring on or after September 23, 2005;
- Deadlines for beginning ESOP distributions elected by participants occurring on or after September 23, 2005;
- Deadlines for distributing nondeductible plan contributions to avoid a 10% excise tax occurring on or after September 23, 2005;
- 2½-month deadlines for distributing excess contributions and excess aggregate contributions to avoid the 10% excise tax, occurring on or after September 23, 2005; and
- Two-year deadlines for self-correction of operational failures under the Employee Plans Compliance Resolution System (EPCRS) ending on or after September 23, 2005.

All of these extensions are automatic for taxpayers in parishes and counties designated as [Disaster Areas eligible for Individual Assistance](#) as the result of Hurricane Rita. However, taxpayers in parishes and counties designated as Hurricane Rita [Disaster Areas eligible for Public Assistance](#) must identify themselves to the IRS as hurricane victims by writing “Hurricane Rita” in red ink at the top of tax forms or other documents filed with the IRS in connection with these activities

These deadlines have also been extended to **February 28, 2006**, for [taxpayers eligible for Hurricane Katrina extensions](#).

## Next Steps

Plan sponsors should review the information in this publication to determine potential impacts to their plans and programs. If you need more information regarding the various extensions, please contact your Prudential Retirement representative.

If additional Hurricane Rita relief is granted by these federal agencies, we will let you know.

## Hurricane Rita Parish/County Disaster Declarations

State	Individual Assistance	Public Assistance
<b>Louisiana</b>	Parishes of: Acadia, Allen, Ascension, Beauregard, Calcasieu, Cameron, Evangeline, Iberia, Jefferson, Jefferson Davis, Lafayette, Lafourche, Plaquemines, Sabine, St. Landry, St. Martin, St. Mary, Terrebonne, Vermillion, Vernon, and West Baton Rouge.	All Parishes.
<b>Texas</b>	Counties of: Chambers, Galveston, Hardin, Jasper, Jefferson, Liberty, Newton, Orange, and Tyler.	All 254 Counties.

### Pension Analyst by Prudential Retirement

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