

# TRENDS

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## Good News for Defined Benefit Plan Sponsors

Legislation enacted in 2006 tightened funding requirements for defined benefit plans. Unfortunately, just as those new rules were to take effect the investment markets suffered a significant downturn. This combination of events resulted in significant increases in pension funding requirements for some defined benefit plans.

On June 25, President Obama signed into law long-awaited defined benefit funding relief. This funding relief can be applied to any two of the following plan years: 2008, 2009, 2010, or 2011.

A plan sponsor has a choice between:

1. More significant relief for two years and then “regular” funding for the next seven years; or
2. Spreading the relief over 15 years.

Any funding relief is offset by compensation paid to any one person over \$1 million for a plan year after February 28, 2010. There is also a reduction in the funding relief in the case of extraordinary dividends or stock redemptions.

Your Nyhart actuary will review the options for your plan with you. Please contact your Nyhart consultant or actuary if you have any questions about the funding relief.



### SPECIAL POINTS OF INTEREST:

*Good News for Defined Benefit Plan Sponsors*

