



## { Pension Protection Act of 2006 }

### » RETIREMENT PLAN LEGISLATION

The Pension Protection Act of 2006 (PPA '06) primarily impacts qualified retirement plans. This extensive piece of retirement plan legislation affects funding of defined benefit plans, investment advice for plans, distribution and contribution rules, health benefits, investment diversification, plan participation, and spousal pension protection.

A number of provisions in the law are designed to make defined contribution plans (your 401(k) plan, for example) more attractive.

- Automatic enrollment – New rules make it easier for employers to implement and administer a plan.
- Participant reporting – Quarterly reporting is now required for plans that allow participants to direct their investments.
- Investment advice – Advice offered through an “eligible investment advice arrangement” is allowed

### » EFFECT ON TRIBAL RETIREMENT AND WELFARE PLANS

The PPA adds a commercial function test for plans sponsored by tribal governments. As described in the Act, governmental plans for Indian tribes require that all of the plan participants perform substantially all of their services in essential government functions and not commercial activities. The Act provides that employees engaged in commercial operations owned by tribes will not be treated as government employees under the Internal Revenue Code or ERISA, and consequently, any benefit plan covering such employees will not be considered a governmental plan.

Many tribes now face the question of whether they should maintain separate plans for their commercial and government employees.

### » NEED HELP IMPLEMENTING PPA 2006?

You may not know if the automatic enrollment rules will benefit your employees or if the eligible investment advice arrangement applies. You may need help figuring out what disclosures (and there are many!) need to be included on participant statements. If you are a tribe or tribal enterprise, it may be overwhelming to determine if the rules require you to maintain separate plans for your commercial employees. Let's talk! Give us a call so we can help you address these important issues.

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