



New Participant Contribution Deposit Rules Are Effective February 3, 1997*

As mentioned in our August 1996 *Pension Analyst*®, the Department of Labor (DOL) has published final regulations concerning when amounts withheld or received by participants become plan assets. According to the regulations, participant contributions become plan assets on the earliest date they can reasonably be segregated from the employer's general assets, but no later than the 15th business day of the month immediately following the month in which the amounts are withheld or received by the employer. *The maximum period is not a safe harbor.*

The regulations provide for an extension up to 10 additional business days for contributions withheld or received by the employer. As mentioned in our August communication, there are certain steps that a plan sponsor will need to take to use the extension period. Also, the extension period may not be used more than twice in one plan year unless the employer pays the plan an amount representing interest on the participant contributions that were subject to the extensions.

The regulations are effective *February 3, 1997*. However, an employer may obtain a postponement of the new regulations for up to 90 days beyond the effective date.

For information on the regulations, the 10-business-day extension and the 90-day postponement period, please contact your Prudential Retirement Representative.

*Republished December 2004 to reflect Prudential Financial's acquisition of CIGNA's retirement business.

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