



## **Participant Management of 401(k)**

### **Employees who switch job have left funds untended**

According to a recent report from "Money Management Executive" an analysis of the activity of workers since the first quarter of 2008 Charles Schwab found in significant number of 401(k) assets have been left in employees previous 401(k) plans.

Nearly half the assets in 401(k) accounts of displaced workers have languished. As a result, these worker/ investors could be losing on potential market gains. Generally, leaving the assets the previous employer's 401(k) plan is an option (depending on the plan document and amount remaining in the account). For these workers in transition, there are also other options:

1. IRA: The money could roll into an IRA
2. New Plan: Qualified funds could be rolled into the new employer's investment plan.
3. Withdrawal: This is clearly the least desirable solution, but the money could be cashed out as a cash distribution. Participants choosing this option will pay -- up to 40% between the taxes and fines. It's onerous, without a doubt.

Do this:

Educate yourself on your options and arrange training for your employees. These plans are complicated enough that frequent information and evaluation of funds choices is warranted.

Displacement, whether it's a job loss, career change or reduction in work hours may leave current or ex-employees without access to savings or cash. Rene Kim, senior vice president at Schwab, says, "People who leave money in a previous employer's 401(k) plan often forget the money is even there, which can result in asset allocations falling way off balance, based on an individual's savings objectives and risk tolerance."

Further the Schwab study found the most

popular choice or asset allocation was movement of funds to an IRA at about 75%, followed by cash-outs at 14%, fewer still moved existing accounts into a new employer plan 7% and other forms of distribution 4%.

## **Are you prepared for the flu season?**

### **New Guidelines Available**

The Department of Homeland Security, the Centers for Disease Control and Prevention (CDC) and the Small Business Administration (SBA) have worked together and developed a booklet to help small businesses develop a plan and survive a flu pandemic, such as the H1N1 flu.

Businesses should not wait until the flu season starts. Now is the time to take action and be prepared. Consider the following:

- Educate your employees on personal hygiene designed to prevent the spread of germs and viruses
- Provide soap, hand sanitizers tissues and paper towel to employees
- Encourage employees to get flu vaccines
- Allow ill employees (or employee with ill family members) to telecommute

For more information, visit the following web sites:

[www.flu.gov](http://www.flu.gov)  
<http://www.ready.gov/business>  
<http://www.cdc.gov/h1n1flu/business/>

## **EEOC Proposes Changes to ADA Regulations**

### **Public comments requested**

The Equal Employment Opportunity Commission (EEOC) is requesting public comment to its proposed changes to implement the latest amendments to

Americans With disabilities Act.

The proposed changes include:  
Changes in reasonable accommodations requirements as it relates to the employer's cost to meet reasonable accommodation requests without undue hardship.

Recommendation to drop the "regarded as" disabled requirement for accommodation.

Specifically listing autism, cancer, cerebral palsy, diabetes, epilepsy, HIV or AIDS, multiple sclerosis and muscular dystrophy, depression, bipolar disorder, obsessive-compulsive disorder, post-traumatic stress disorder and schizophrenia as disabilities.

Under the proposed regulations determining if an individual has a disability will focus on how a major life activity is substantially limited, not on what an individual can do in spite of an impairment.

EEOC would also like to hear from employers about their estimated costs to change company policies to meet the new and broader accommodation requirements.

For more information visit the EEOC web site at <http://www.EEOC.gov>.

### Coming in December....

#### Educational Seminar

##### Harassment Prevention Training

OHR is offering a two-hour Harassment Prevention Training for Managers seminar on December 17th at the Crowne Plaza Hotel in Palo Alto, CA. A Go-to-Meeting option is available for those unable to attend in person. RSVP to [jaimeo@MyOHR.com](mailto:jaimeo@MyOHR.com) or call 408-674-3432

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### About Us

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