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LEGAL UPDATES

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Year-End "To Do's": Reminders for Your Company's Retirement and Health & Welfare Plans

Services

Employee Benefits & Executive Compensation

Retirement, Health & Welfare Plans

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As the year is quickly coming to an end, it is critical that plan sponsors set time aside to review their operational and administrative practices throughout the year. As appropriate, operational errors may be corrected and documented before the close of the year with reduced or no consequences.

Operational matters

1. Maintain your plan's documents and records. *Gather all restatements, amendments, and/or board resolutions adopted throughout the year and ensure all documents have been properly signed and dated.*

2. Review vendor and third-party agreements set to expire on or after December 31, 2023. *Ensure proper renewal or termination of each agreement and update agreements for re-negotiated terms, as applicable.*

3. Review and confirm your ERISA bond requirements and fiduciary insurance policies in light of plan assets and number of participants. *Your ERISA bond normally should cover all ERISA-covered plans, both retirement and health and welfare plans.*

4. Review your plan's operations and payroll practices to ensure there are no operational plan failures. *A common error we continue to see is when the employer's payroll records do not align with the 401(k) plan's definition of compensation. Another routine error is the failure to enroll newly eligible employees in a timely manner.*

5. Send annual retirement plan notices to plan participants, including 401(k) safe harbor notice, QDIA notice, automatic enrollment notice, and participant fee disclosure information.

6. Send annual health and welfare disclosures and update SPDS for any changes. *Material changes to your group health plan may require accelerated notice.*

Law changes and plan amendments: what this means for you

7. Ensure your retirement plans are up to date to reflect any discretionary amendments implemented during the year or scheduled for the upcoming year. *In general, there are no required amendments for law changes (e.g., SECURE 2.0), so most employers only need to consider discretionary amendments.*

8. Effective January 1, 2024, long-term, part-time employees working more than 500 but less than 1,000 hours per year in three consecutive years (beginning after 2020) must be permitted to make elective 401(k) deferrals. *Confirm whether this new rule potentially impacts your workforce and allow long-term, part-time employees to enroll in your 401(k) plan, if necessary.*

9. Minimum required distribution changes effective in 2024: Surviving spouses may now elect to delay the start of required minimum distributions (RMDs) until the surviving spouse reaches the required RMD age (age 73) or until the deceased employee would have reached the required RMD age.

10. Increase in mandatory cash-out limit: The mandatory cash-out amount permitted by a plan has been increased from $5,000 to $7,000. *Determine whether your plan wishes to increase such mandatory distribution amount and work with your vendors to implement.*

Contact us

If you have any questions about your year-end to-do list, please contact any member of the Husch Blackwell Employee Benefits & Executive Compensation Team.