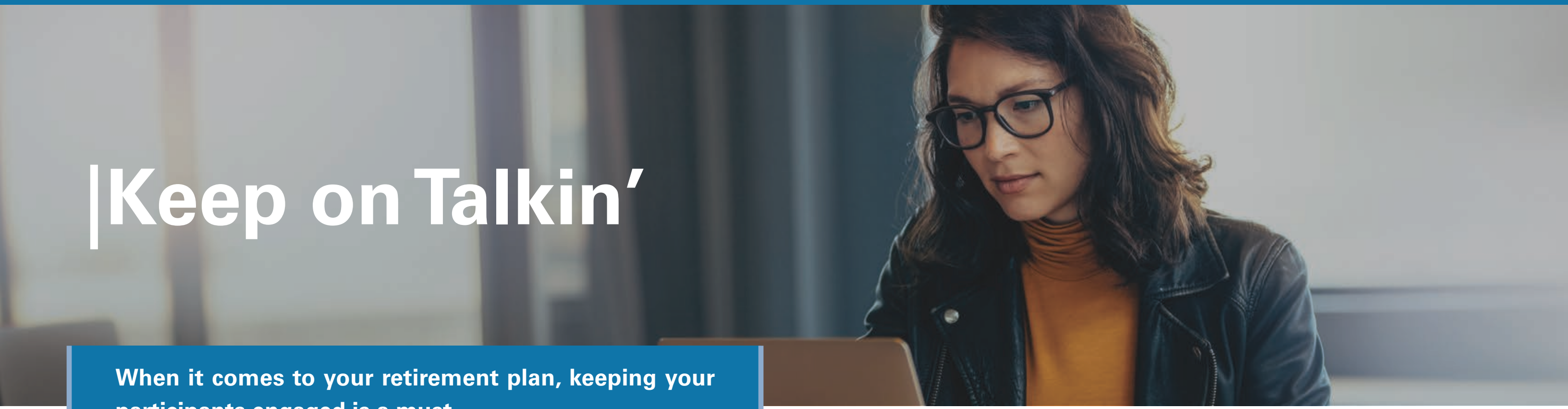

Keep on Talkin'

When it comes to your retirement plan, keeping your participants engaged is a must.

Winter 2025

Not only is providing participants with enrollment opportunities in a timely manner critical to keeping your plan in compliance, it is also an important step in their retirement success story. Although the matter of when to provide enrollment materials to a participant will depend on the plan's eligibility and entry requirements, continuing the conversation over time is also a component that cannot be overlooked.

- If your plan allows new employees to participate on their first day of employment, the plan enrollment paperwork can be included in the new hire materials. Care should be taken so the plan paperwork doesn't get lost among the rest of the onboarding information. If you use an online checklist to go through the various types of new hire forms, a link to the plan enrollment should be provided as well.
- If your plan has monthly or quarterly enrollment, provide the enrollment material and Summary Plan Description (SPD) with enough time for the employee to review the information and make an informed decision. In most cases, the SPD must be distributed within 90 days of the employee becoming a participant. However, giving it to them before entry can help them better understand the plan.
- If one of the plan's entry dates corresponds to your company's annual benefit enrollment, include the plan information with the rest of the benefits material. Although some of those employees may already be enrolled, this is a great time to remind staff of what's available with the retirement plan, which may lead to them increasing their contributions.

Once the initial enrollment period is completed, communication should continue with employees regardless of whether or not they chose to participate by contributing to the plan. A decision made in the past may not represent where an individual is now. Reminders as time goes on will benefit all plan participants.

- Employees who opted out of participation in the past may now be ready to start saving for retirement.
- Participants who stopped deferring based on their financial situation may be persuaded to start again.
- As plan compensation increases, participants may be encouraged to increase their plan contributions.
- Participants might increase their contributions if they realize they are not deferring at a high enough percentage to take full advantage of a matching employer contribution.

There are natural times to communicate with your participants about plan participation. Those times include when communicating updated limits, sending annual notices, and completing performance reviews.

- The Internal Revenue Service (IRS) updates retirement plan limits every year on January 1. When you inform your staff of the updated annual limits, be sure to include instructions for beginning and increasing contributions.
- Most plans are required to provide annual participant notices, along with the Summary Annual Report (SAR). Any time that you share plan communications with the participants is a great time to re-emphasize the benefits of the plan. Encouraging them to meet with the plan's investment advisor will provide a great resource for questions about investing in the plan. The more that they are encouraged on an ongoing basis to understand the accumulated benefit of contributions to the plan—rather than just at the start of being eligible—the better prepared they will be.
- Performance reviews can also include a review of retirement readiness. If the participant is not contributing to the plan, that one-on-one conversation can go a long way towards helping the employee and their financial health. Additionally, consider the needs of both remote and in-office staff to ensure they all receive the necessary information and the opportunity to ask questions.

The more often you communicate with your staff about the retirement plan, the more successful your plan can be. The more successful your plan is, the more your participants will be prepared for retirement.

Lost but Not Forgotten

On December 27, 2024, the Department of Labor (DOL) launched the Retirement Savings Lost and Found Database of terminated participants who still have a benefit in a qualified retirement plan and are at least age 65. While the database is now active and available for use, it is in the early stages of development and is still being worked on to become the comprehensive source that it's intended to be.

Participants may leave employers without realizing that they have vested benefits in a retirement plan or may choose to leave the money in the plan but forget about the balance as they change jobs or move. The plan is required to report terminated participants who possess a balance on Form 8955-SSA. In the past, the burden was on the Social Security Administration to notify the former participant about the possible benefits once the participant reached the Social Security normal retirement age. The DOL Lost and Found Database is intended to assist participants who have lost track of prior account balances to reunite with plans from their past.

For more information about the database, visit lostandfound.dol.gov.

Which Bond is Best?

Retirement plans can be covered by three types of bonds: fidelity bonds, fiduciary bonds and cyber bonds. As a plan sponsor, you will be asked for the fidelity bond coverage amount during the year-end data collection process because the amount is reported on the plan's Form 5500 each year. Although only the fidelity bond is required for most plans, the fiduciary and cyber bonds offer additional protection for the plan—and therefore, the participants. Let's review each option to help ensure you have the coverage you need.

As mentioned, the *fidelity bond* is required for most plans due to the Employee Retirement Income Security Act (ERISA). The fidelity bond, or ERISA bond, must cover at least 10% of the beginning-of-year plan assets. There is a $1,000 minimum bond amount and a $500,000 maximum. If the plan holds employer stock or securities, the maximum required value increases to $1,000,000. Some assets may also require additional coverage. When the asset balance is $0 during the first year of the plan, the bond is still required and should be purchased based on the estimated asset balance for that year. Some policies offer an inflation clause or an automatic escalation to increase in value as the plan's assets increase, which can help simplify maintaining the required coverage amount.

While the fidelity bond protects the plan's participants from losses due to fraud or theft, the *fiduciary bond* protects against losses caused by breaches of fiduciary responsibility. A fiduciary is anyone who exercises discretionary control or authority over a plan's management, administration or assets. Even a trusted fiduciary that acts in good faith may inadvertently violate the laws outlined under ERISA. The fiduciary bond is not required but may be desirable to protect both your company and the fiduciary in these situations.

The *cyber bond* is also available to protect the plan from financial losses caused by cyberattacks or data breaches. Cybersecurity is a major concern for all institutions, and retirement plans are no different. For those who are apprehensive about the threat of cyberattacks, the cyber bond can be a valuable option.

To ensure peace of mind for you and your participants, the cyber bond and fiduciary bond can be worthwhile companions to the required fidelity bond. If you have questions about what is necessary for your plan, we can talk about the available options to find the best fit.

Responsible planning, solid results.

Our staff has been in the retirement planning business for over 30 years and can help companies like yours design and administer a full range of plans, from Profit Sharing and 401(k) to Defined Benefit. We work with our clients to build employee loyalty and future security. Together, we create customized, effective plans tailored to your needs and goals.

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Upcoming Compliance Deadlines for Calendar-Year Plans

February 28

IRS Form 1099-R Copy A – Deadline to submit Form 1099-R Copy A to the IRS for participants and beneficiaries who received a distribution or a deemed distribution during the prior plan year. This deadline applies to scannable paper filings. For electronic filings, the due date is March 31, 2025.

March 15

ADP/ACP Corrections – Deadline to process corrective distributions for failed ADP/ACP tests without a 10% excise tax for plans without an Eligible Automatic Contribution Arrangement (EACA).

Employer Contributions – Deadline for employer contributions for amounts to be deducted on 2024 S-corporation and partnership returns (unless extended).

April 1

Required Minimum Distributions – Deadline to distribute a required minimum distribution (RMD) for participants who attained age 73 during 2024.

April 15

Excess Deferral Correction – Deadline to distribute salary deferral contributions plus related earnings to any participants who exceeded the IRS 402(g) limit on salary deferrals. The limits for 2024 were $23,000, or $30,500 for individuals age 50 and over if the plan allowed for catch-up contributions.

Employer Contributions – Deadline for employer contributions for amounts to be deducted on 2024 C-corporation for filers with a calendar fiscal year end and sole proprietor returns (unless extended).