

## Benefit Plan Year-End Action Items at a Glance

Here's what employers need to know for year-end benefit plan compliance, by plan type:

| Plan Type  | Action Item  | Deadline   |
|--|--|--|
| <b>Welfare Benefit Plans and Retirement Plans</b>                          |  |  |
| All plans subject to Form 5500 filing requirement                          | Work with your service provider(s) to prepare and distribute the Summary Annual Report (SAR) to participants and beneficiaries receiving benefits.<br><br><i>The catch:</i> Some service providers prepare and distribute the SAR automatically, but not all. Confirm that yours will! | 12/15/2024, if you received an extension until 10/15 to file the Form 5500 |
| All  | Review and amend plan documents for any discretionary plan changes made during the 2024 plan year.   | 12/31/2024 or, if earlier, the end of 2024 plan year                       |
| <b>Welfare Benefit Plans</b>   |  |  |
| Medical plan (and other group health plans subject to Affordable Care Act) | Work with broker and / or medical plan carrier or TPA to prepare and distribute annual notices, including Summaries of Benefits and Coverage (SBCs) to plan participants and beneficiaries.  | Open enrollment for 2025 plan year   |
| <b>Retirement Plans</b>  |  |  |
| 401(k) plan with safe harbor match   | Work with recordkeeper or TPA to prepare and distribute the following notices:<br>1. Safe harbor notice to each participant and eligible employee<br><br>2. Automatic enrollment (ACA, EACA & QACA) / automatic increase notice to participant and                                     | 11/29/2024<br><br><i>Note:</i> The usual 12/1 deadline falls on a Sunday   |
| 401(k) or 403(b) plan with auto enroll                                     |  |  |

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| <p>401(k) or 403(b) plan with QDIA</p> <p>403(b) plan</p>                           | <p>eligible employee subject to auto enrollment and / or escalation</p> <p>3. Qualified default investment alternative (QDIA) notice to participants and beneficiaries</p> <p>4. 403(b) universal availability notice to all employees</p> <p><i>The catch:</i> Not all service providers prepare and distribute these annual notices automatically. If you have not seen these notices go out yet, make sure to follow up with your service provider. They may be waiting for your approval and direction.</p>   |                 |
| <p>All</p>  | <p>Work with your payroll department to implement recently announced plan limits and thresholds.</p>  | <p>1/1/2025</p> |
| <p>401(k), profit-sharing, 403(b), governmental 457(b), or defined benefit plan</p> | <p>Work with recordkeeper to ensure the “at least as rapidly” required minimum distribution (RMD) rule is properly implemented in time for 2025 plan year.</p> <p><i>Background:</i> If a participant dies after their required beginning date, their beneficiary must continue taking annual required minimum distributions (RMDs) “at least as rapidly” as the participant. Earlier this year, the IRS clarified that the “at least as rapidly” rule also applies to beneficiaries subject to the 10-year distribution rule (when the account must be fully distributed) under SECURE. The IRS waived the excise tax that otherwise would have applied if RMDs to these beneficiaries did not comply with the “at least as rapidly” rule in 2021 - 2024.</p> <p><i>The catch:</i> IRS penalty relief will not apply if distributions beginning in 2025 do not comply!</p> | <p>1/1/2025</p> |

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| 401(k), 403(b), or governmental 457(b) plan                                    | <p>Speak to recordkeeper and payroll company / department about whether to implement <i>optional</i> enhanced catch-up contributions for participants ages 60 - 63.</p> <p><i>Background:</i> If implemented, participants ages 60 - 63 can make catch-up contributions to 401(k), 403(b) and 457(b) plans of up to \$11,250 (indexed) (greater of \$10k or 150% of regular catch-up limit in effect for the year).</p> <p><i>The catch:</i> Not all payroll systems can accommodate this new catch-up limit, yet some recordkeepers are adopting by default (meaning, it will be available to your participants as a plan feature unless you “opt out”). You’ll either want to make sure your payroll system can accommodate or opt out.</p> | 1/1/2025 |
| 401(k) or 403(b) plan  | <p>Work with recordkeeper to ensure employees who worked at least 500 (but less than 1,000) hours per year for <i>two</i> consecutive years are allowed to make deferral contributions, unless the employee is otherwise in a permitted excluded class.</p> <p><i>Background:</i> Prior to SECURE 2.0, employees had to work 500 hours for at least three consecutive years to be eligible as long-term, part-time employees. SECURE 2.0 reduced the period to <i>two</i> consecutive years and expanded rules to 403(b) plans.</p>   | 1/1/2025 |
| 401(k) or 403(b) plan established after 11/29/2022 unless excluded (see right) | <p>Work with recordkeeper to implement mandatory eligible automatic contribution arrangement at 3-10% contribution rate.</p> <p><i>Background:</i> These plans must automatically enroll employees and allow the automatic contributions and any earnings to be withdrawn within 90 days of the first contribution. Participants can opt out or elect a different contribution rate. In addition to an initial</p>  | 1/1/2025 |

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|   | <p>automatic contribution rate of 3 - 10%, the rate must automatically increase by 1% on each January 1 (for calendar year plans) until a 10% contribution rate for the participant is achieved (can be up to 15%).</p> <p>The following plans are excluded:</p> <ul style="list-style-type: none"> <li>➤ new companies (in business for less than three years);</li> <li>➤ employers with 10 or fewer workers; and</li> <li>➤ governmental and church plans</li> </ul> |                  |
| <p>Defined benefit plan on a pre-approved plan document</p> | <p>Check with your pre-approved plan document sponsor (likely either outside ERISA counsel, recordkeeper or third-party administrator) on status of amended and restated document for Cycle 3.</p> <p><i>The catch:</i> Depending on your governance structure, a restated plan document may need Board approval. It takes time to prepare, review, and revise plan documents so you'll want to start this restatement process now.</p>                                 | <p>3/31/2025</p> |

