

# HICKS NOTES

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## 2018 YEAR END CHECKLIST FOR RETIREMENT PLANS

As 2018 comes to a close, there are tasks to be completed to ensure your plan is complying with current laws. Below is a quick checklist to make sure you are on track.

**DECEMBER DEADLINES FOR NOTICES, DISTRIBUTIONS AND MORE:** Most notices are due on December 1 and explain what will happen in 2019. 401(k) Safe Harbor, Qualified Default Investment Alternative (QDIA), and Automatic Contribution notices need to be distributed. On December 15, Summary Annual Report (SAR) notices are due. December 31 is the deadline for adding or starting a new plan along with required minimum distributions, correcting failed ADP/ACP tests and adopting some plan amendments. For a link to view these notices and their due dates, [click here](#).

**REVIEW PLAN ADMINISTRATION PROCESSES:** Were deposits made timely? Did loans and distributions get processed properly and timely? Identify spouses, including same sex, and make sure forms are signed with spousal consent. Keep participants and your internal people happy and you may minimize your risk of litigation.

Check to see if you have any participants turning 70 this year and make sure required minimum distribution (RMD) issues are resolved. Check that your fiduciary bond is updated and in force. The DOL has increased its plan audits and penalties. Can your plan pass an audit? Do this review and be ready should government agencies come looking. Click to review [IRS](#) and [DOL](#) audit request letters or [our newsletter](#) about audit traps.

**REVIEW PLAN DESIGN:** Can the employer afford what has been promised? Do they want a bigger or smaller contribution? Is the plan benefiting the right participants? By reviewing the current plan design, we will be able to better prepare the employer for 2018 and 2019 and make sure the plan is meeting their needs. In some cases, amendments may be made and new plans installed until December 31, 2018.

Now is the time to **review all SEP and SIMPLE** clients. If their companies are growing and now have eligible employees, it is imperative to review their situation and maybe add a 401(k) for 2018 or 2019. By funding a SIMPLE in 2019, they will lose the opportunity to add a qualified plan for next year.

In addition, we can still **add 401(k)** plans for this year. The owner will receive a 5% percent deferral, but will have to contribute 3% for the employees due to the Top Heavy rules. If the owner is old enough, they may get a 9% contribution for themselves. For a proposal showing your options, [click here](#).

Due to the new 199A deduction rules, **adding a defined benefit** plan for those high earning clients can reduce their income to take full advantage of the new rule and the deduction. These new plans need to be established by December 31, 2018. Now is the time to contact your professional clients and see how this plan may help them this year. For a DB proposal, [click here](#).

**SCHEDULE AND HOLD EMPLOYEE MEETINGS:** Most calendar year plans have January 1 entry dates. So now is the time to meet with new and existing employees to review their investment selections and amounts contributed to 401(k) plans. Good communication is the key to positive retirement outcomes. December is the perfect time to hold these meetings.

**REVIEW YOUR PLAN EXPENSES:** Under the 408(b)(2) regulations, all trustees have a duty to review, benchmark and document the fees they pay to all providers. Many of the disclosures are complicated or buried in various agreement and prospectuses. Take the time to review each fee paid by the employer, the plan and its participants. Compare those to other similar service providers. They only need to be reasonable, not necessarily the cheapest. Make sure to document your process.

**REVIEW THE PERFORMANCE OF YOUR PLAN'S ADVISORS AND ADMINISTRATORS:** Are calls being returned? Is there turnover at the firm you work with? Did the plan run smoothly last year and were there issues with filings or operations? Are they inflexible and arrogant? Now is the time to make a change before you pay and begin work with your current advisors. Don't stay in a bad situation when better alternatives are available.

**In conclusion**, by hiring good competent people, these plans can run smoothly and efficiently. Companies change. Laws and regulations change. Technologies change. As long as you stay proactive and seek out the best people, these plans work great. Need help? [CONTACT US](#).