

CLIENT NOTICE

REVIEW AND KEEP FOR YOUR RECORDS

REQUIRED MINIMUM DISTRIBUTIONS (RMD)

IRS Regulations require that minimum distributions to a Participant must begin by April 1st of the calendar year following the calendar year in which the Participant attains age 70 ½. After the first RMD, subsequent RMD's must be made by December 31st of each year beginning with the calendar year containing the required beginning date. If elected in your plan document, this Regulation will only apply to over 5% Owners and non-Owners that have terminated employment.

2019 FEDERAL TAX FILING DUE DATES

	Original Due Date	Extended Due Date
Sole Proprietor / C Corporation	15 th day of 4 th month after year-end	15 th day of 10 th month after year-end
Partnership / S Corporation	16 th day of 3 rd month after year-end	15 th day of 9 th month after year-end

ANNUAL IRS/DOL FORM 5500 FILING REQUIREMENTS

The Form 5500 filing is required to report information concerning employee benefit plans to the IRS and DOL. 5500 filings to the DOL are required to be signed and submitted electronically, the Form 5500EZ (1 Participant Plans) will continue to be mailed to the IRS.

	Original Due Date	Extended Due Date
Form 5500 for Employee Benefit Plans	7 th month after year-end	15 th day of 10 th month after year-end

Penalties may be assessed or imposed in the event of incomplete filings or filings received after the deadline of \$1,100 per day.

DOL ASSERTING BOND REQUIREMENTS

The Department of Labor is looking at plans that do not have fidelity bonds. Plans must be bonded for 10% of the plan's assets and should cost less than \$200. Plans with the owner as the only participant are exempt from this requirement. Contact your Insurance Agent or this link: [Colonial Surety Company](#)

DEFINED CONTRIBUTION PLAN LIMITS

	2019 Plan Limits	2020 Plan Limits
401(k) Limit	100% of pay, up to \$19,000	100% of pay, up to \$19,500
Age 50 & Over 401(k) Catch-up	\$6,000	\$6,500
Individual Limit	100% of pay, up to \$56,000	100% of pay, up to \$57,000
Annual Compensation Limit	\$280,000	\$285,000

A full table of limits is also available on our website: [TABLE OF VARIOUS LIMITS AND THRESHOLDS](#)

401(k) DEPOSITS

401(k) salary deferrals must be deposited within the same amount of time as the federal tax withholding deposit. Late deposits will result in lost earnings to be made up by the employer.

ACTUAL DEFERRAL PERCENTAGE TEST

A 401(k) plan must pass an Actual Deferral Percentage (ADP) test. This test is designed to limit the extent to which deferrals made by the highly compensated employees may exceed deferrals made by non-highly compensated employees. If the plan fails the test, the excess funds must be returned to the participant as income within 2 ½ months following the end of the plan year to avoid a 10% excise tax on the employer.

TOP-HEAVY MINIMUM CONTRIBUTION

Non-safe harbor top heavy plans (the total of the accounts of all key employees exceeds 60% of the total of the accounts of all employees), may be required to make a minimum contribution to non-key employees equal to the lesser of 3% of compensation or the highest contribution percentage rate for a key employee. This required contribution comes under the vesting schedule. You may also contribute the same percent for the key employees.

SAFE HARBOR OPTIONS

An employer may choose to make a 100% vested contribution to employees to pass the ADP and top-heavy tests. Eligible employees, regardless of hours worked, including those who terminate before the end of the plan year, must receive this contribution. The safe harbor options include:

- 3% of pay contribution to all non-highly compensated employees. 3% may also be contributed for highly compensated employees. Initial employee notification is 30 days prior to the 1st day of the plan year. Flexible designs require a confirmation notice 30 days prior to the end of the plan year.
- Match non-highly compensated employees \$1 for \$1 up to 3%, plus 50¢ on the \$1 from 3% to 5%. The highly compensated employees may receive the same match. Final employee notice is due 30 days prior to the 1st day of the plan year.

RETIREMENT PLAN DISCLOSURE REGULATIONS

Plan Service Providers Fee Disclosure (408(b)(2))

Covered Service Providers will provide to the Plan Sponsor annual communication of services rendered, fiduciary status, direct and indirect compensation received in excess of \$1,000. These annual disclosures are meant to provide plan sponsors with enough information to ensure that plan fees are reasonable.

Participant Fee Disclosure Requirements (404(a)(5))

For plans that allow participant directed investments, a quarterly notice must be provided by the investment product reflecting the fees for the preceding quarter along with a description of the service. Fees actually charged against individual accounts for services to an individual rather than plan wide are disclosed on an Annual Notice for the following calendar year.