

HICKS NOTES

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DEADLINES BRING OPPORTUNITIES

There are deadlines approaching that everyone should know and act on as they bring potential opportunities for retirement plan clients.

June 1, 2020

Defined Benefit Amendments. If the plan sponsor needs to lower their required contribution, generally the defined benefit plan must be amended before a participant works 1,000 hours of service in the plan year. This typically happens during June. There is also a notice must be given to participants disclosing the change. The exact time will depend on the plan's formula, so check the plan document or contact your Third Party Administrator (TPA).

If you have clients with DB plans, consider giving them a call and see how this year is going. If they need to reduce their contribution, now is the time to act on this issue. Failure to make these changes can create future funding issues. Plan now, save headaches later.

June 30, 2022

CalSavers Retirement Savings Program. All California employers with 5 or more employees MUST enroll in CalSavers program or adopt a retirement plan and file for the exemption on the CalSavers website. For basic information on CalSavers, [click here](#).

This is an opportunity to get new clients. We have changed our proposals to compare their options under CalSavers and 401(k) Plans to show how the 401(k)'s tax savings can benefit the small business owner.

This upcoming deadline will force small employers to look at options. All advisors should contact these prospects and offer free proposals on their options. For a proposal, retrieve our proposal request form by [clicking here](#) and return to Debbie Rath at drath@nhhicks.com.

Further, remind the owners of the increased IRS tax credit which will help offset the start-up costs. For more information on the tax credit, [click here](#).

On Thursday, June 2nd we will be presenting a half hour informational **WEBINAR** on the CalSavers program and comparing it to 401(k) plans. You can review our agenda and the invitation by clicking [here](#). We hope you will join us.

July 31, 2022

IRS Required Cycle 3 Restatement. All Defined Contribution Plans, including 401(k)s, must have their plan documents rewritten to comply with laws and regulations issued over the last 6 years. This a perfect time to review your existing clients and look at new plan designs. Adding a safe harbor contribution or a tiered benefit allocation of a discretionary employer contributions can bring added value to small business owners.

Often it is the **owner-only plans** that miss their restatement deadlines because they are not using a third-party administrator to file their 5500 forms on their plans. CPAs who are filing those form for these clients should make sure the plans are restated to remain their qualified plan status.

In some cases, clients are **paying exorbitant fees** for this document work. For more information and working with us this process, [click here](#).

September 15th and October 15th

These are deadlines for starting new plans for 2021. Many CPAs still remain under the impression that you cannot set up a plan after the year end. The Secure Act changed this rule so new plans can be set up after the year end but before the company's tax filing deadline plus extensions. September 15th is the deadline for 2021 DB plans and October 15th is the deadline for 2021 Profit Sharing plans for sole proprietorships.

This is a tremendous benefit for small employers who had a good 2021 and 2022. If your clients are making money and paying taxes, a proposal and review for last year is in order. Solo DB and 401(k) plans should be an option for our one person businesses. Check out our owner-only materials [here](#) and then let us run a proposal for you.

Finally, every financial advisor should be performing a fiduciary review on all their 401(k) plans. While there are no specific deadlines, best practices require this review annually. A good advisor will REVIEW, BENCHMARK, and DOCUMENT this process to protect themselves and their clients. For more on this, [click here](#).

Now is a great time to contact clients before these deadlines and opportunities pass.

As always, we are here to help.