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By Tom Hicks, Attorney At Law

LAST CHANCE FOR A NEW 2023 SAFE HARBOR 401(k) PLAN

Safe harbor 401(k) plans are the most popular type of 401(k)s used by small business owners. They automatically pass discrimination tests while allowing business owners to save up to the 2023 annual limit of \$66,000, or \$73,500 for owners over the age of 50.

New Safe Harbor Plans

If you're looking to start a new 401(k) safe harbor plan for 2023, you need to decide **now**. **The deadline for establishing a new plan for the 2023 calendar year is October 1.** Don't worry, it is doable. Complete our [proposal request form](#) and return to Debbie Rath to find out if a safe harbor plan is the right choice. We've helped many companies set up compliant 401(k) plans, and we can walk you through the process.

Amending into a Safe Harbor Plan

If you already sponsor a 401(k) plan and are considering the addition of a safe harbor provision, you still have plenty of time to do so for both the 2023 and 2023 plan year, depending on whether you are looking at the safe harbor match or the non-elective contribution.

Because the **safe harbor match** must be added no later than 30 days before the start of the year, it is too late to use that feature for 2023. If you would like to add it for 2024, the deadline to provide participants with the required notice is **December 1, 2023**, and you must adopt an amendment to the plan no later than December 31, 2023. This amendment and notification allow participants to know about the match and can factor that in their decision on how much to defer.

The **safe harbor non-elective** feature offers much more flexibility. There are two deadlines to remember.

- **December 1, 2023:** This is the deadline to add the safe harbor non-elective provision for the 2023 plan year and keep the required company contribution at 3% of pay.
- **December 31, 2024:** You have until the end of next year to add a safe harbor non-elective feature for 2023, but the required company contribution increases from 3% to 4% of pay.

If you miss these deadlines, your 2023 401(k) plan design options will be limited.

Understanding whether a safe harbor 401(k) plan is right for your company is exactly why we're here. Helping employers avoid surprises is part of the services we offer. Pick up the phone and give us a call or email us. We are here to help you understand the decisions you're facing.