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2023 Safe Harbor 401(k) Deadline Quickly Approaching

Small businesses who are considering a safe harbor plan this year have until October 1. This means there is still time to establish a new Safe Harbor 401(k) plan for 2023 and take advantage of maximum contribution limits.

Safe Harbor 401(k) plans are very popular for small businesses due to the variety of benefits and savings for the owners seeking lower taxes, saving for retirement, and help attracting and retaining top personnel.

The key benefit of a safe harbor 401(k) is that it automatically satisfies IRS non-discrimination testing requirements. In addition, employer contributions are deductible to the employer as well as tax-deferred for all participants. Eligible employees can make pre-tax contributions that are also tax-deferred or Roth after-tax contributions. The 2023 employee contribution limit is \$22,500, or \$30,000 for participants age 50 and older.

The employer can make one of two types of Safe Harbor employer contributions:

- Non-Elective 3% of compensation contribution for all eligible employees, or
- Matching contribution. Typically, 100% of the first 4% of compensation; or 100% of the first 3% of compensation plus 50% of the next 2% of compensation.

Don't miss this opportunity to establish a safe harbor plan. To find out if a Safe Harbor plan may be right for your client, complete our [proposal request form](#) and return to Debbie Rath.

Adding Safe Harbor to Existing Plans

An existing non-safe harbor 401(k) plan can implement a 3% non-elective safe harbor provision for 2023 if the plan is amended by November 30, 2023. Plans that implement the non-elective safe harbor provision of 4% or more have until December 31, 2024.

If you're interested in adding a safe harbor match, you can do so effective January 1, 2024 provided the employees receive the notice by November 30, 2023.

More Important deadlines:

- **IRS Forms 5500**, 5500-SF and 5500-EZ are due by Monday, **October 16th**.
- If your client has a **SIMPLE** and wants a 401(k) plan for 2024, they must terminate the plan and provide a notice to employees by **November 2nd**. [Click here](#) for the SIMPLE plan termination rules.
- If you're **unhappy with your current Third Party Administrator (TPA)**, now is the time to transfer the plan's administration.
- **Review the plan's fees**. Many TPAs are increasing their fees for 2023 or 2024, adding on extra charges, or not offsetting their fees by investment company payments. This is part of the annual fiduciary duties.

If you have any questions, contact us before it's too late.