

Defined Benefit Plans Cycle 3 Restatement Process

The IRS and Congress are continually changing pension laws without need for simultaneous amendments of the plans' themselves. In 2005, the Internal Revenue Service implemented a six-year amendment/restatement cycle program for pre-approved Master & Prototype (M&P) and Volume Submitter pension plans.

Based on this, defined benefit plans must be amended, restated, and adopted between now and March 31, 2025 if they haven't been restated for Cycle 3. Our restatement services include:

- A review of your current plan documents and prepare any required amendments to bring the old document into compliance.
- Consulting on options including the pros and cons of different plan designs. Maybe it is time to freeze or terminate the plan.
- Preparation of new Cycle 3 (Post PPA) plan documents and all participant disclosures including the Summary Plan Description (booklet summarizing the major provisions of the plan). We will also provide administrative procedures and forms to help enroll participants and process participant loans and distributions.
- The newly created documents will be sent electronically for your signature.

Our fee for these restatement services is \$1,200.

Now is the perfect opportunity to add or revise your current plan to better fit your business needs. If you have a defined benefit plan and would like to make a larger contribution, adding a 401(k) Profit Sharing plan might better suit your needs. Interested? We will need you to complete our [Cycle 3 Restatement Checklist](#) and complete our [proposal request form](#).

Regardless of the type of qualified plan, plan sponsors are required to maintain fully executed copies of all plan documents, amendments, and restatements since the inception of the plan. If your plan is audited by the Internal Revenue Service (IRS), they will ask to see signed plan documents and will review to make sure they are up to date for all required remedial amendments.

If you do not timely adopt a required restatement or amendment, the IRS offers a [voluntary correction program](#). This allows you bring your plan document back into compliance for a fee that is much lower than the penalties that could otherwise be imposed.

To make this restatement as cost effective as possible, NH Hicks has purchased a plan document system from Datar. Datar is the sponsor of the pre-approved plan document, and you will see their name on various pages of the plan document. Your company will remain the sponsor of your plan. Using this system, we will produce pre-approved restated plan documents, which include all the necessary law changes.

If you have any questions or would like us to restate your plan document, please contact Tom Hick at (530) 521-7024 Tomhicks@nhhicks.com or Debbie Rath at (530) 232-3395 drath@nhhicks.com.