

May 16, 2024

What Employers Need to Know about the Required Pension Plan Restatement

Employers who have adopted a pre-approved Pension Plan, either traditional Defined Benefit or Cash Balance, must amend and restate their plans by **March 31, 2025** to stay in compliance with governmental regulations. The IRS requires employers to restate their Plans once every six years. This restatement is called Cycle 3.

The restatement is **mandatory** for the Plan to keep its tax-favored status. Failure to do so before the March 31, 2025 deadline can result in disqualification of the Plan and/or significant penalties. If you miss the deadline, you can avoid plan disqualification by using an IRS correction program. If the IRS discovers this missed restatement first, the cost to update the plan document will be significantly higher.

Starting this year, the **2023 Form 5500** series now requires employers to provide the Opinion Letter serial number and date of the letter of the prototype plan document they've adopted. It's safe to say that the IRS will be reviewing these entries and looking for the right responses.

The restatement process provides employers with the opportunity to review the current plan and determine if it still meets their needs. Are there provisions that would better meet the employer's objectives? Changes can be made as part of the restatement.

What We Provide

Our restatement package consists of the requirement documents which help the employer manage their plan more effectively and efficiently. The package includes:

- Consent Action – Authorizes the restatement of the Plan.
- Adoption Agreement – Identifies the specific provisions the employer has adopted to meet their needs and goals.
- Trust Agreement – Describes the powers and duties of the plan's trustee with regards to the Plan assets for the benefit of the participants.
- Basic Plan Document – Contains the substantive provisions that are integral to the operation of the plan.
- IRS Opinion Letter – States the Plan and Adoption Agreement meet the requirements of the Internal Revenue Code and IRS regulations.
- Summary Plan Description (SPD) – Participant booklet that describes the major features of the Plan.

For more information about the restatement process and our services, click [here](#).

In Conclusion

It is the responsibility of the employer to ensure that the Plan is updated and signed by the March 31, 2023 deadline. Don't wait until the last minute or you may miss the deadline. Contact us if you have any questions or need any help.

The Marketing Team at NH Hicks

Marketing Team

Tom Hicks 530 521-7024

Debbie Rath 530 232-3395

Samantha Nethington 530 891-4975

Tomhicks@nhhicks.com

drath@nhhicks.com

snethington@nhhicks.com