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PRIMARK BENEFITS
RETIREMENT ♦ PLAN ♦ EXPERTS

End Of Year Checklist & iWork: The Next-Gen Workforce

As the year-end approaches, our to-do lists can be lengthy. There are holidays to prepare for, employee performance reviews to complete, and, oh, wait, there is also the year-end data collection package from your TPA! We have once again reached that magical time of the year when you get to submit information regarding your retirement plan so your compliance services can be completed.

While your TPA firm does the heavy lifting, the information you submit is the basis for accurate compliance testing. While not very exciting, this information is important. So, what should you know about the year-end tasks?

Data

Let's start with your data. You've got it, and your TPA needs it. Accurate and complete year-end reporting is essential to effectively administer your plan. It is the "nuts and bolts" information they'll use to understand what happened at your firm throughout the plan year. You'll need to submit three types of information to ensure that all eligible employees have been enrolled in the plan and that they are receiving the correct contributions.

1. EMPLOYEE CENSUS DATA: Census information should include dates of birth, hire, rehire and termination, and the employee's current employment status. Unless your TPA instructs you otherwise, don't make decisions about which employees to include on the census report. List all employees who worked for you this year, even part-time, leased, and shared employees. Once you have all employees

listed, be sure to include their compensation, number of hours worked, ownership percentages, and relationship to other employees. All this information is necessary for determining key employees, highly compensated employees (HCEs), and which employees must be included in your nondiscrimination testing. If you have a 401k plan, to which you make contributions during the year, it is helpful to list all contributions that have been made for each employee. Make sure your totals match your payroll records!

2. YEAR-END SUMMARY: Important company details, such as change in entity type, the addition or deletion of shareholders, corporate officer changes, partnership elections, and ownership of other entities, or other plans, that you may sponsor are included in this summary. This information is an essential part in proving the plan operates within the legal guidelines.

3. TRUST INFORMATION: An essential part of your annual compliance is the completion and filing of the Annual Return/Report of the Employee Benefit Plan, or Form 5500. To complete this form, your TPA needs a host of information, including the frequency of your contributions and an accounting of your plan's assets. Also, inform your TPA of any additional contributions you'd like to make for the current year, so they can provide alternative contribution calculations within the specifications of your plan.

Notices & Deadlines

Often, this data collection process is the crux of administering a plan in an efficient and timely manner. Early data submission gives your TPA ample time to run the necessary testing to comply with regulations and gives you time to resolve issues as deadlines approach. Keep in mind that inaccurate data can lead to costly penalties, taxable events, or even plan disqualification.

Now, what else should you be addressing come year end? Here are some common notices and deadlines that may affect your plan:

- SUMMARY OF MATERIAL MODIFICATIONS (SMM): Was your plan amended during the year? If the answer is yes, participants should receive a SMM no later than 210 days after the close of the plan year for which the modification was adopted. A SMM details the changes made to the Summary Plan Description.

- SUMMARY ANNUAL REPORT (SAR): Though this is typically prepared by your TPA, be aware that participants should receive a copy of the SAR no later than 9 months after the close of the plan year unless the IRS has granted an extension to the deadline for the Form 5500 filing. A SAR is a condensed version of the Form 5500 report, which should include a basic financial statement identifying plan expenses, the value of the plan's assets, and a section outlining a participant's rights to additional information. If it is a defined benefit plan, it will also have an actuary's statement as to whether enough money was contributed to the plan to keep it funded in accordance with the minimum funding standards of ERISA (Employee Retirement Income Security Act).

- SAFE HARBOR PLAN NOTICES: For safe harbor plans, an annual notice must be provided to all employees eligible to participate in the plan. The notice must cover the employee's rights and obligations within the plan, certain content requirements, and must be given at least 30 days, but no more than 90 days, before the beginning of the plan year. There are special rules for employees that become eligible during the year.

- 401(K) AUTOMATIC ENROLLMENT NOTICES: If the plan uses either an eligible, or qualified, automatic contribution arrangement, the employer must notify all employees who are eligible to participate between 30 and 90 days prior to the start of each plan year. For automatically enrolled new hires, an employer may give employees the notice on their date of hire. If it is not practical to give the notice before an employee becomes eligible, check with your TPA to see what options will allow you to still meet the requirement.

- QUALIFIED DEFAULT INVESTMENT ALTERNATIVES (QDIA): Annual notices must be given every year. These serve to remind participants about their default into the QDIA, absent their investment election, and their right to direct the investment of their accounts.

- REQUIRED DISTRIBUTIONS: Employees who have attained the age of 70 + and have an account balance in the plan, may require a minimum distribution by December 31st. Terminated employees, who may be subject to a mandatory cash out, may also need to be processed by the year's end.

- ERISA FIDELITY BONDS: The most common bonding requirement is 10% of the plans assets, up to $500,000. The coverage requirement may vary depending on the type of assets held within the plan. The year end is also an opportune time to decide if there are any changes you would like to make to the way your plan works for the upcoming plan year. Most retirement plan changes must occur prospectively, so discuss the pros and cons of your current plan design with your TPA to be sure you have the right plan for your firm.

iWork: The Next Generation Workforce

Millennials. You may have noticed them around the office. You might think of them as the lazy, flighty, entitled generation born between the early 80's and 00's that say "totes" when they agree with you. Like any group of misplaced stereotypes, not all is as it appears when it comes to the younger contingent and, since they are taking over as the largest sector of the workforce, you may want to take a second look at them as adults, assets, and major contributors to your company's retirement plan.

Yes, they're here in numbers, and more than 70% of them are saving for their retirement. Contrary to some common stereotypes, millennials understand personal responsibility and are engaged in making smart decisions for their investing future. The chances are that you employ some millennials already and, as the numbers indicate, are going to be employing a lot more of them in the future.

Retirement investing is an important lure for a generation that witnessed the financial collapse of 2008. Not unlike those following the Great Depression, millennials may have grown up hearing horror stories from their parents who lost a great deal. They have also been told not to rely on social security. So, in order to attract millennials to your workforce, you may want to consider their expectations when it comes to retirement. Let's cover a few key points.

- TECHNOLOGY: As is often the case in this digital age, you should assess your technology. In a world equipped with computers, smartphones, and tablets, a digital platform provides flexibility and convenient access to plan information immediately and continuously. These digital babies want an on-demand way to monitor and manage their investments. Technology isn't going backwards, so a hard look at how you deliver communications and education to your benefits and retirement programs is time well spent.

- INVESTMENT EDUCATION: Investment advice, plain and simple. While participant education and access to an informed fiduciary should be a staple in any retirement plan, it's essential for the newbies. Statistically, millennials tend to be a bit tentative with their investment decisions. Offering and ensuring an effective avenue to personalized financial advice is a responsible move as a plan sponsor and attractive to employees, young or old, looking for a place to land and do their best work.

- VESTING: Offer the opportunity for the plan's participants to be immediately vested. That is a nice perk for a group that is likely starting their career under a pile of student loan debt; furthermore, such an upfront investment will give your new-hire a sense of belonging. Upfront matching is attractive bait when fishing for any intelligent employee and goes a long way in proving you will invest in their future, if they will invest in the company's.

The truth about this new generation is that they have similar career aspirations, needs, and attitudes as Gen X'ers and Baby Boomers. They are just better at asking for what they want and native to a technological world that simply did not exist 30 years ago. The savvy plan sponsor adapts their plan capabilities to be advantageous to their business, just as they would adapt the business itself in a changing market tide. Well, the tides here are changing. It's time to cast a wider net and catch some new fish!

2018 IRS Annual Limits

Each year the U.S. government adjusts the limits for qualified plans and Social Security to reflect cost of living adjustments and changes in the law. Many of these limits are based on the "plan year." The elective deferral and catch-up limits are always based on the calendar year. Here are the 2018 limits as well as the 2017 limits for comparative purposes:

	2017	2018
Maximum compensation limit	$275,000	$270,000
Defined contribution plan maximum contribution	$55,000	$54,000
Defined benefit plan maximum benefit	$220,000	$215,000
401(k), 403(b) and 457 plan elective maximum elective deferrals	$18,500	$18,000
Catch-up contributions	$6,000	$6,000
SIMPLE plan elective deferrals	$12,500	$12,500
Catch-up contributions	$3,000	$3,000
IRA	$5,500	$5,500
Catch-up contributions	$1,000	$1,000
“Highly Compensated” employee threshold	$120,000	$120,000
“Key Employee” (officer) threshold	$175,000	$175,000
Social Security taxable wage base	$128,400	$127,200

This newsletter is intended to provide general information on matters of interest in the area of qualified retirement plans and is distributed with the understanding that the publisher and distributor are not rendering legal, tax or other professional advice. Readers should not act or rely on any information in this newsletter without first seeking the advice of an independent tax advisor such as an attorney or CPA.

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