

# GET (K)ONNECTED 401(K) PLAN NEWSLETTER



## THE GUIDELINES ARE CLEAR -- DON'T BE LATE!

It wasn't so long ago that we all took comfort in the Department of Labor's contribution guidelines to deposit your employees' 401(k) contributions at the "earliest date that they can reasonably be segregated from the employer's general assets, but in no event later than . . . the 15th business day of the month following the month in which the participant contributions are withheld or received by the employer." Although the regulations always included the phrase "earliest date that they can reasonably be segregated," most of us focused on the latter half of the guidance. So long as we deposited our employees' contributions by the 15th business day of the month following (that's easy!), we believed that the plan was in good standing.

Recent guidance has burst that bubble. For plans with less than 100 participants, participant contributions will be considered timely if they are deposited to the plan's trust account no later than the 7th business day following the day on which such amounts would have otherwise been payable to the participant in cash (i.e. payday). If you are a small plan and you are making deposits outside of that 7 day time-frame, you may be fine. Perhaps you have legitimate administrative

restrictions that prevent you from meeting the 7-day timeframe. However, the proposed guidelines establish a strong presumption that most plan sponsors should be able to meet this deadline, so if you are not, be prepared to explain yourself.

If you are found to be late, you will owe an excise tax payable to the IRS and you will also be required to

LATE DEPOSITS RAISE A  
RED FLAG AND  
SIGNIFICANTLY  
INCREASE YOUR RISK  
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SERVICE

compensate your participants for the "lost earnings" they would have otherwise earned if their contributions had been made timely. In addition, late deposits raise a red flag on your Form 5500 and significantly increase your risk of an audit from the Internal Revenue Service.

In addition to these penalties, late deposits are often the number one complaint made by plan participants.

Your employees need to know that their contributions are safe in your hands. So avoid complaints from your employees and problems with the DOL or the IRS by depositing plan contributions in a regular and timely fashion. The easy answer - don't be late!

## LEAVE THE WORK TO US

As an adopting employer of our multiple employer plan, we make all of your contributions for you so you don't need to worry about deposit deadlines or new DOL guidance. We make it easy for you by taking care of the day-to-day administration. Our administrative team:

- \* Calculates and remits all employee deferrals and employer contributions
- \* Identifies newly eligible employees and provides enrollment kits direct to their homes
- \* Processes new enrollments and deferral changes
- \* Approves and processes all employee distribution and loan requests
- \* Processes all investment election changes and fund transfers
- \* Performs all required annual compliance testing and government filing

**If you would like more information about joining a multiple employer plan, contact us today!** We will arrange a plan consultation with a retirement specialist to help you determine if joining a multiple employer plan is the right move for your company.

Name of the Company: \_\_\_\_\_

Form of Entity (check one):

<input type="checkbox"/> Corporation	<input type="checkbox"/> S Corporation	<input type="checkbox"/> Non-Profit/Tax-Exempt	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> LLC	<input type="checkbox"/> LLP	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other

Business Product or Service: \_\_\_\_\_

Company Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Company Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Company Contact: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

Alternative Contact: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

**Return this form to::**

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Concurrent HRO 401(k) Plan  
Email: [cbermann@rbfcapitalmanagement.com](mailto:cbermann@rbfcapitalmanagement.com)