



Plan for the New Year: 5 Resolutions for Plan Sponsors

The prospect of kicking off a new year with a clean slate is typically met with feelings of excitement and optimism. A popular ritual for most people is to resolve to make improvements in various aspects of their day-to-day lives for the year ahead. This is true for retirement plan sponsors, too! Here are five resolutions that will help set you up for sound fiduciary, plan, and participant success in 2020 and beyond.

New Year's resolution #1: Slim down plan fees. Most New Year's resolutions are related to losing a few pounds by eating better or exercising more. Similarly, 401(k) plan sponsors should strive to trim down plan fees in 2020. Remember, as fiduciaries, plan sponsors have a responsibility to know whether plan, participant, and investment fees charged by service providers are reasonable in relation to the services being rendered. Of course, a product, mutual fund, or service with the absolute lowest fee is not always the most appropriate.

 As your first order of retirement plan business for 2020, ask your retirement plan advisor to help you get the ball rolling with a comprehensive benchmarking assessment of your retirement plan fees, and, if warranted, determine if there is room for fees to be negotiated.

New Year's resolution #2: Refocus on financial wellness. Retirement plan education has experienced a tremendous evolution over the past several years, migrating away from basic retirement planning guidance to more practical financial education that aims to improve your employees' overall financial literacy. Providing your employees with guidance on nontraditional financial topics—such as saving for college, debt management, social security, and budgeting—does more than improve their understanding of complicated financial challenges; it helps foster increased employee loyalty, satisfaction, and productivity in the office, too.

 If you haven't examined your company's education program recently, it's time to rip up your playbook and start fresh. Take a new approach that aims to equip your employees with more holistic education to help improve their financial well-being in their preretirement years. Your plan's service provider and retirement plan advisor can help you get on the right path.

New Year's resolution #3: Go back to basics. Workplace retirement plans are built upon several foundational components that every plan sponsor should be keenly aware of. An investment policy statement (IPS) is the starting point for retirement plan fiduciaries. The IPS prescribes the process for selecting, monitoring, and replacing plan investments. Similarly critical is the design of a retirement plan. Plan design encompasses key features, such as eligibility, the match formula, and loan provisions, that will be spelled out in your plan's document. Other annual deliverables, such as the summary annual report (SAR), 404(a)(5) (participant fee disclosure) notices, and qualified default investment alternative (QDIA) notices, are required communications that plan administrators need to be on top of on an annual basis.

 Use a checklist to coordinate a review of your plan's IPS and documents with your retirement plan advisor (and other service providers, where appropriate) to ensure compliance, accuracy, and timely delivery.

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New Year's resolution #4: Modernize your plan. Just like that new gadget you may have had on your wish list for the holidays, retirement plan service providers are constantly unveiling features to ease the burden on retirement plan sponsors. Technological tools, resources, and advancements are being designed not only to help plan sponsors manage their fiduciary duties but also to streamline the plan administration process. Through your plan's recordkeeper or third-party administrator (TPA), employees have access to more impactful saving and investment resources than ever before—all designed to help them stay on track with their savings goals.

 Ask your plan providers if there are any features, tools, or enhanced technology that you aren't currently taking advantage of. They could make your job easier!

New Year's resolution #5: Get organized. Everyone appreciates a good cleaning. But when it comes to plan-related documents, don't wait until next spring to get organized! In order to satisfy ERISA's record-retention requirement, plan sponsors should maintain a well-organized file (both hard copy and virtual versions are acceptable) that consists of important 401(k) plan documents, service provider correspondence, contracts, forms, agreements, and other documentation that backs up your process for making plan-related decisions. In addition, in the event of an audit, your file will ensure that you are well-prepared.

 Enlist the help of your plan's recordkeeper or TPA to help you determine which documents need to be stored in your file (and for how long).



Key Retirement Plan Dates and Deadlines for 2020

Workplace retirement plans are governed by copious dates and deadlines that all 401(k) plan administrators should be aware of. Below are some key dates to keep in mind. Coordinate the timely completion of important retirement plan tasks with your recordkeeper or TPA. **Please note:** The list below is not exhaustive, and dates are based on a calendar-year plan.

January

- **31:** Form 1099-R due to participants to report 2019 distributions

March

- **15*:** Deadline for ADP/ACP corrective distributions to be processed without excise penalty
- **15*:** Fund employer contributions (for partnerships)

April

- **15:** Deadline to distribute 2019 402(g) excess deferrals
- **15:** Fund employer contributions (for corporations)

July

- **31:** File IRS Form 5500 (or file Form 5558 to request an extension to file Form 5500)

September

- **15:** Fund employer contributions (if an extension was filed)

**Generally, when the due date for an IRS or Department of Labor (DOL) form falls on Saturday, Sunday, or a legal holiday, the deadline is extended to the next business day. Please confirm these due dates with your plan's service provider.*

Key Retirement Plan Dates and Deadlines for 2020 *(continued)***October**

- **1:** IRS deadline to establish a new safe harbor 401(k) plan for the current calendar year
- **15:** IRS extended deadline to file Form 5500 (for calendar-year plans if an extension was previously filed)

November

- **1*:** Deadline for providing annual SIMPLE IRA plan notices to eligible employees

December

- **1:** Deadline for providing annual safe harbor, qualified default investment alternative, and qualified automatic contribution arrangement notices to plan participants (if applicable)
- **31:** Deadline for processing corrective distributions (excise penalty will apply)
- **31:** Deadline for participants to take required minimum distributions (RMDs)

**Did You Know? Tax Advantages Aren't Just for Employees**

Retirement plans are commonly associated with providing a tax-deferred savings vehicle for employees to save for retirement. But lesser-known tax benefits are those that employers can reap. Did you know that if your retirement plan offers an employer contribution (such as a match or profit-sharing allocation), those employer contributions are deductible on the employer's federal income tax return to the extent that the contributions do not exceed the limitations specified in the Internal Revenue Code (up to \$285,000 in 2020)? And if your business doesn't already offer a retirement plan, the [IRS incentivizes](#) employers to establish a new plan (401(k), 403(b), SEP, and SIMPLE plans all qualify) with a 50 percent credit on start-up costs for up to the three first years (up to \$500 per year). So, if you've been thinking about starting a retirement plan for your business but have yet to do so, now is the time to leverage every tax advantage the IRS has to offer.

**We Can Help**

Contact us to learn more about proactive retirement plan preparation for the upcoming year, important retirement plan dates, and more. We're ready and willing to help.

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