



THE  
Contractors  
PLAN®  
Provided by Fringe Benefit Group

# RETIREMENT NEWSLETTER

Fall - 2021 Edition

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## DATES TO KNOW

**November 15<sup>th</sup>** : Safe Harbor notices mailed to employers

**November 30<sup>th</sup>** : Deadline to request projections for 2021

**December 28<sup>th</sup>** : Deadline to receive year-end contributions

For the full 2021 Retirement Plan Compliance Calendar, contact us at [contractors@contractorsplan.com](mailto:contractors@contractorsplan.com)

## WELCOME

We hope you enjoy the first edition of The Contractors Plan Retirement Newsletter. The purpose of this quarterly newsletter is to provide a deep dive into retirement topics to help you better prepare for upcoming and important events. We will also cover happenings in the retirement industry that may potentially impact your plan. Please contact us at [contractors@contractorsplan.com](mailto:contractors@contractorsplan.com) if you have any questions.

## CYCLE 3 RESTATEMENT

Every six years, the IRS requires employers using qualified retirement plans to restate their plan. The purpose is to ensure any amendments or other changes are now incorporated into one, updated adoption agreement. This was last required in 2016. The due date for Cycle 3 restatement is July 31, 2022. The Contractors Plan will be sending various communications to you over the next several months to ensure your plan adheres to this requirement. Please respond promptly and accurately when you receive requests for information about your plan. Failure to do so could jeopardize your plan's qualified status.

## YEAR-END CONTRIBUTIONS

Fringe Benefit Group will be closed on December 31, 2021. Due to the volumes experienced at this time of year, contributions received after December 28, 2021 may not be processed by year-end. Please consider this when preparing for year-end activities. Contact us at [contractors@contractorsplan.com](mailto:contractors@contractorsplan.com) with any questions.

## DOCUSIGN

Security is important to us. To help ensure the validity of electronic signatures, The Contractors Plan is now using DocuSign to securely sign all adoption agreements, plan amendments, and retainer agreements. This process is not only secure, but it has also shown to increase response times which means plans can be set up and amended more quickly. While DocuSign is the preferred signature method, a personal signature, either mailed or scanned and emailed will still be accepted on these documents. Uncertified electronic signatures in a script font will not be accepted.

# CYBERSECURITY UPDATE

The U.S Department of Labor (DOL) has recently issued guidance to retirement plan fiduciaries regarding cybersecurity. The DOL strongly encourages plan sponsors to ensure the vendors and partners they work with are protecting employee data.

In response to increasing concern about cybersecurity, The Contractors Plan has recently implemented two-factor authentication (2FA) functionality within the benefits administration portal. This means you will be sent an email with an authentication code when you first log into the site. Once your 2FA is activated, you will be prompted to enter this authentication code as part of the sign-on process. Note that this will be needed once each 24 hour period.

2FA is commonly used by financial institutions, email service providers, and other companies both large and small. Organizations use this method because it is more effective in protecting against unauthorized account access than a password alone.

# LONG-TERM, PART-TIME EMPLOYEES

The SECURE Act, signed into law in December 2019, contained a section pertaining to long-term, part-time employees. Does this change impact you? If you answer Yes to all three of the following questions, read on:

1. Does your plan include elective deferrals?
2. Are your employees required to have one year of service before they can defer?
3. Do you have part-time employees who consistently work at least 500 hours each year?

If so, Section 112 of the SECURE Act applies to you. Here are the highlights:

- This change is not optional and a plan amendment is required. Given the newness of the provision, this will not be included in the Cycle 3 re-statement. A separate amendment will be required.
- An employee who has worked at least 500 hours for at least three consecutive years and has attained the age of 21 by the end of that 3-year time period is eligible to defer into the plan.
- This change is effective for plan years beginning on or after 1/1/2021, so begin tracking this information now as the earliest possible entry date for these employees is 1/1/2024.
- Employers may continue to exclude long-term, part-time employees from employer non-elective matching contributions if they have not completed one year of service.
- Employers may elect to exclude these employees from compliance testing.
- The deadline to amend the plan is the last day of the first plan year beginning on or after 1/1/2022 (i.e., by 12/31/22 for calendar year plans).

If you believe this change applies to your plan, contact us at [contractors@contractorsplan.com](mailto:contractors@contractorsplan.com) for additional consultation.

# INDUSTRY UPDATE

SECURE Act 2.0 is winding its way through Congress. The provisions in this bill are intended to expand or modify provisions from SECURE Act 1.0. We will continue to monitor the progress of this bill and alert you to any changes that impact your plan.