



THE  
Contractors  
PLAN®  
Provided by Fringe Benefit Group

# RETIREMENT NEWSLETTER

Fall - 2022 Edition

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- Understanding The Difference
- Year-End Prep
- Market Commentary
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## DATES TO KNOW

### 2<sup>nd</sup> Week of November

Annual testing questionnaire emailed to employers.

### November 15

Safe harbor notices mailed to employers.

### November 30

Deadline to request projections for 2022.

### November 30

Deadline to return annual testing questionnaire.

### December 1

Deadline to provide annual 401(k) safe harbor notice to participants for 401(k) plans operating under the safe harbor provisions.

### 1<sup>st</sup> Week of December

Annual testing questionnaire follow-up emailed to employers.

### December 10

Deadline for requesting plan amendment to be signed by end of year.

Please see page 3 for the full Compliance Calendar

## GREETINGS

Welcome to the Fall edition of The Contractor Plan Newsletter. The leaves are turning, and the days are getting shorter. Just as it's important to prepare your business for the winter, it's important for you to prepare for year-end retirement plan activities. We are here to help!

Contact us at [contractors@fbg.com](mailto:contractors@fbg.com) with any questions about your retirement plan.

## THANK YOU

Fall is traditionally the season of harvest and giving thanks for our family and friends. At this time, we want to thank you for being our client and allowing us to help you and your employees prepare for retirement. This year hasn't been easy for any of us, and we want you to know that we are right there with you throughout the economic trials and tribulations. The Contractors Plan team is here to help you and your employees in any way we can. We value our relationship and look forward to working together for a very long time.

## UNDERSTANDING THE DIFFERENCE

### Understanding the difference between the Form 5500 and IRS non-discrimination tests

Retirement plans are very complex and are required to adhere to several IRS and DOL rules, regulations, and deadlines. Sometimes it's hard to keep track of all that is required and clients can become confused about what they need to do or provide. The Contractors Plan is here to help you navigate these rules and regulations. The Form 5500 is the annual form we prepare for you to electronically file with the DOL. Non-discrimination testing is a separate and distinct process whose timeline can overlap, unfortunately, with the notices you receive from us regarding the 5500. Here are some tips:

- Testing season for calendar year plans begins in November when the Annual Testing Questionnaire is emailed to employers and in mid-December when the notice is emailed for testing packets.
- The form 5500 questionnaire survey is emailed in mid-January. The survey will be coming from [contractors@fbg.com](mailto:contractors@fbg.com). Our new vendor for the survey is Sogolytics.
- Emails with the information for accessing and filing your Form 5500 are sent from [contractors@fbg.com](mailto:contractors@fbg.com) starting in April and will have 5500 in the subject line.
- Emails for testing are sent from [ComplianceTesting@contractorsplan.com](mailto:ComplianceTesting@contractorsplan.com).
- To ensure you are receiving emails that are sent via a secure email server, enable the email address. [fringe.notification@zixmessagecenter.com](mailto:fringe.notification@zixmessagecenter.com)
- When in doubt, contact us to ensure no deadlines are missed and to avoid penalties.

# YEAR-END PREP

It's not too early to start getting prepared for year-end retirement activities. Here are some things to note:

- **Employer Deductible Contributions:** The employer deductible contribution (404) limit is capped at 25% of gross eligible compensation. All contributions EXCEPT for employee deferrals are subject to this limit. Use the 404 calculation worksheet in the Document Library to check your 404 limit with your accountant.
- **Projections:** Year-end projections for can you help you better prepare for testing season by performing mid-year ADP tests or calculating employer contributions for the year. The deadline to request year-end projections is November 30, 2022.
- **Year-end Contributions:** Due to high volumes experienced at this time of year, contributions received after December 28, 2022, may not be processed by year-end. Contributions attributed to the 2022 plan year will reflect the correct contribution period if processed in the new year, but the actual contribution may not be reflected on the final year-end statements. Please consider this when preparing for year-end activities. Contact us at [contractors@fbg.com](mailto:contractors@fbg.com) with any questions.

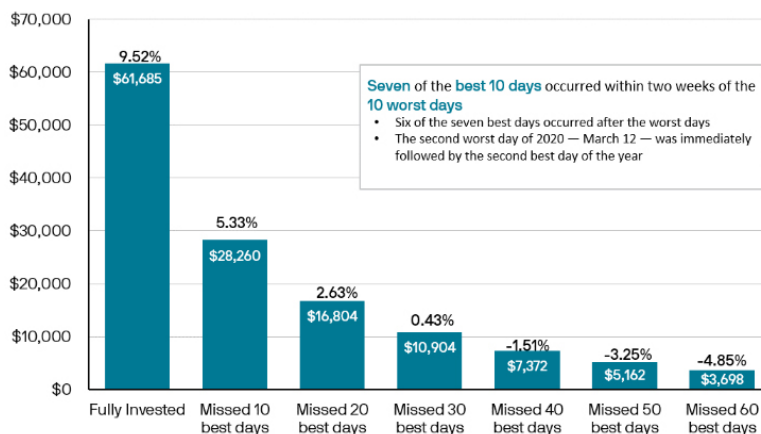
## MARKET COMMENTARY BY LEAFHOUSE FINANCIAL

"The economic and market conditions continued to challenge individuals during the third quarter. Stocks continued their decline this year, with the S&P 500 index down 25% while Bonds remain down roughly 15%. As investors open their quarterly statements, it is important to put perspective to the current market conditions. During periods of extreme market declines, a natural emotional reaction can be to take control by selling out of the market and seeking safety in cash. This is due to loss aversion — or the perception that losses hurt more than gains feel good. Selling investments in a down market not only locks in losses but often results in missing some of the best growth days that can closely follow market upturns that are key to a portfolio's recovery. Market fluctuations are an inherent part of investing but, over the long term, those investments provide crucial wealth accumulation for a comfortable retirement. Below is a chart that shows the importance of remaining invested through turbulent time:

### Impact of being out of the market

#### Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2002 and December 31, 2021



Source: J.P. Morgan Asset Management

Another critical part of investing is remaining diversified. Investors who are managing their own portfolio of funds, rebalancing and updating asset class allocations on a routine schedule can help their portfolio maintain an appropriate level of risk. For those investors who are invested in a target date fund, it is important to understand that even though their statements only list one fund, the portfolio managers are diversifying the investment and shifting to less risky assets as you approach retirement. In addition to diversification, maintaining consistent contributions to your portfolio will help with wealth accumulation. Especially when markets are down, investing on a continuous basis will allow for buying at market lows which ultimately leads to larger growth in the long run. As we finish out the remaining months of 2022, we encourage investors to filter out the noise around the markets and focus on their long-term goals to help prepare them for a dignified retirement."

LeafHouse is an investment adviser registered with the U.S. Securities and Exchange Commission and serves as the 3(38) investment fiduciary to The Contractors Plan Retirement Trust. Registration does not imply a certain level of skill or training. More information about LeafHouse's investment advisory services can be found in its Form ADV Part 2, which is available upon request. Material presented has been derived from sources considered to be reliable, but the accuracy and completeness cannot be guaranteed.

# 2022 RETIREMENT PLAN COMPLIANCE CALENDAR

## JANUARY

Mid-January - Annual Form 5500 Questionnaire emailed to clients.

## FEBRUARY

8 Deadline to return annual testing packets for plans with HCEs\* that have Roth or pre-tax deferrals.

## MARCH

1 Deadline to return annual testing packets for plans that are safe harbor or have HCEs\* receiving prevailing wage or other employer contributions.

Beginning to Mid-March - Form 5500 audit packets emailed.

15 Deadline for processing ADP refunds for 401(k) plans without incurring a 10% excise tax.

15 Standard deadline to deposit discretionary employer contribution unless an extension is filed for Partnerships and S-Corporations.

## APRIL

15 Deadline for issuing excess deferral refunds for 401(k) plans.

15 Standard deadline to deposit discretionary employer contribution unless an extension is filed for C-Corporations and Sole Proprietors.

Mid to End of April - Communication will be sent to update census for plans that allow force outs.

## MAY or JUNE

Varies. New Service Contract Act (SCA) Health & Welfare benefit rate normally published at [www.dol.gov](http://www.dol.gov).

## JUNE

Beginning to Mid-June - Force outs will be processed for plans that allow the feature.

## JULY

31 Deadline for filing Form 5500 unless an extension is filed. We automatically file extensions as needed.

## AUGUST

15 Deadline to request discretionary employer contribution calculation, if company tax return is extended.

## SEPTEMBER

15 Deadline for Partnerships and S-Corporations to deposit discretionary employer contribution, if company tax return is extended.

30 Standard deadline to distribute Form 5500 Summary Annual Report to participants.

## OCTOBER

15 Deadline for C-Corporations and Sole Proprietors to deposit discretionary employer contribution, if company tax return is extended.

15 Extended deadline to file Form 5500.

Mid to End of October - Communication will be sent to update census for plans that allow force outs.

## NOVEMBER

2<sup>nd</sup> Week Annual testing questionnaire emailed to employers.

15 Safe harbor notices mailed to employers.

30 Deadline to request projections for 2022.

30 Deadline to return annual testing questionnaire.

## DECEMBER

1 Deadline to provide annual 401(k) safe harbor notice to participants for 401(k) plans operating under the safe harbor provisions.

1<sup>st</sup> Week Annual testing questionnaire follow-up emailed to employers.

10 Deadline for requesting plan amendment to be signed by end of year.

Beginning to Mid-December - Force outs will be processed for plans that allow that feature.

Mid-December - Annual testing packets are emailed to clients from The Contractors Plan for plans with HCEs\* receiving contributions.

15 Deadline to distribute Summary Annual Report to participants, if the 5500 filing was extended.

31 Deadline for each of the following:

- Process ADP refunds with 10% excise tax for 401(k) plans.
- Sign any plan amendment for discretionary changes.
- Sign amendment to convert existing 401(k) plan to a safe harbor 401(k).
- Sign amendment to remove safe harbor status for the following year.
- Deposit top heavy employer contributions for prior plan year.
- Deposit safe harbor contributions for prior plan year.

All deadlines are based on calendar year plans. If you have an off-calendar year plan, please contact us to discuss deadlines applicable to your plan year end.

\* Generally greater than 5% owners, their family, and those who earned at least \$130,000 in the prior year are HCEs.