



THE
Contractors
PLAN®
Provided by Fringe Benefit Group

RETIREMENT NEWSLETTER

Winter - 2022 Edition

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DATES TO KNOW

January: Annual 5500 Questionnaire e-mailed to clients

February 8th: Deadline to return the annual testing packets for plan with HCEs that have Roth or pre-tax deferrals

March 1st: Deadline to return annual testing packets for plans that are safe harbor or have HCEs receiving prevailing wage or other employer contributions

For the full 2022 Retirement Plan Compliance Calendar, contact us at contractors@fbg.com

GREETINGS

Welcome to the Winter edition of The Contractors Plan Newsletter. We hope you enjoyed a wonderful holiday season and we wish you a successful New Year!

Remember to contact us at contractors@fbg.com with any questions about your retirement plan.

CYCLE 3 RESTATEMENT

Cycle 3 Restatement continues in full force. Thanks to those who completed the survey that was sent in December. We are using that information to update our records to reflect current plan data and the correct contacts.

Next steps include mapping plan provisions to the new adoption agreement and sending those out to you via DocuSign. We anticipate that to begin in mid-February. Please make sure these documents are carefully reviewed, signed, and returned promptly. If there are questions about the adoption agreement, contact us at contractors@fbg.com.

TESTING SEASON

Non-Discrimination testing season for the 2021 plan year end has begun! If your plan needs to be tested, you should have received an email providing you with instructions on how to download and complete your testing packet. Completing the packet in a timely fashion will allow our testing team to review for any data discrepancies and move your test forward so you get the results as quickly as possible. If you have any questions about completing the packet, contact your relationship manager or contractors@fbg.com.

DOCUMENT LIBRARY

The Document Library is a centralized location on the plan sponsor website which contains important information pertaining to your plan such as the adoption agreement and any required notices (QDIA, Annual Participant Notice) that must be distributed to eligible employees.

Over the next several months, we will be moving away from attaching certain documents in emails and instead notifying you when a new document is available in the Document Library.

Additional communication will be sent to you as we move down this path.

CYBERSECURITY UPDATE

In 2021, we implemented two factor authentication (2FA) functionality within the benefits portal. All plan sponsors now receive an email with an authentication code when logging into the portal.

Beginning in 2022, 2FA will be available to employees on an opt-in basis. Those employees who would like this additional security on their accounts will be able to opt into 2FA and begin to receive an email with an authentication code. We believe offering 2FA demonstrates to employees how concerned we are with cybersecurity and protecting their data.

LONG-TERM, PART-TIME EMPLOYEES

UPDATE: Guidance on this provision has not yet been received by the IRS. If you are potentially impacted by this change, you should begin tracking this information in anticipation of further guidance.

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 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 and 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@fbg.com for additional consultation.

INDUSTRY UPDATE

A key provision of the Build Back Better bill was removed from consideration. The proposal to require employers that don't offer retirement plans to automatically enroll employees in a 401(k) or IRA was removed from the final version of the bill. This provision would have impacted employers with 5 or more employees and those who have been in business for more than two years.