

PENTEGRA SECURE ACT SMART TIPS™



Simplified Safe Harbor 401(k) Rules

The Setting Every Community Up for Retirement Enhancement (SECURE) Act includes many provisions designed to ease burdens for plan sponsors and make sponsoring a retirement plan easier.

How does SECURE impact Safe Harbor 401(k) plans?

SECURE eliminates the safe harbor notice requirement for plans with no non-elective employer contributions. Non-elective contributions are contributions an employer makes to an employee's retirement plan, regardless of the employee's contribution.



Does SECURE provide Safe Harbor adoption flexibility?

Yes, SECURE allows for late adoption of a safe harbor non-elective contribution by allowing amendments to non-elective status:

- At any time before the 30th day before the close of the plan year, as long as the non-elective contribution is made:
 - at 3% up to 30 days before plan year end (PYE), or
 - at 4% as late as 12 months after PYE
- For all eligible employees for that plan year and
- The plan must be amended by the end of the close of the following plan year (no later than the last day for distributing excess contributions for the plan year).



Are any participant notices still required?

Yes, there is still a required participant notice for Safe Harbor Matching or QACA (Qualified Automatic Contribution Arrangement).

When are these changes effective?

Changes to Safe Harbor 401(k) plans take effect January 1, 2020.



Is a plan amendment required?

Plan amendments to cover SECURE Act changes will not be required until the 2022 plan year for most plans.

Tip: This change provides plan sponsors with additional flexibility.



Contact the Pentegra Solutions Center at solutions@pentegra.com
or 855-549-6689 for expert guidance on how to make the most of the new rules.

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