



RetireWell Administrators, Inc.

Third-party Pension Administration and Consulting Services

ON TARGET

RetireWell Administrators, Inc. provides total retirement plan solutions by combining TPA services with the employee benefits practice at The Law Firm of Anthony L. Scialabba, LLC.

Why Does Your Company Need A Third-Party Administrator (TPA) For Its Retirement Plan?

By Anthony L. Scialabba IV, Esq., QKA

Management of a retirement plan is not simple, but a TPA can address its complexities. At RetireWell Administrators, Inc., with our experienced on-staff ERISA attorneys and Senior Plan Consultants, no retirement plan or problem is too big or small. The following discusses why it is essential for a TPA such as RetireWell Administrators, Inc. to manage your company's retirement plan.

1. Effective Plan Design

Your company has specific goals with respect to retirement planning. TPAs are skilled in designing retirement plans that are tailored to those goals. In this process, a TPA considers your employee demographics, whether there are any budget restrictions, and so on.

2. Cost-effectiveness

Your company may not want to pay whatever entity charges the most to manage its retirement plan. There is a cost to using TPAs, however, they are generally cheaper than other options. As such, a TPA can provide cost-effective solutions while your company maximizes the value of its retirement plan.

3. Legal Compliance and Expertise

Your company's retirement plan must remain in compliance with government laws and regulations. TPAs are versed in understanding these laws and regulations and remain alert for any new or changing ones. In doing so, a TPA can reduce the risk that your company's retirement plan becomes non-compliant.

If you have questions with regard to using RetireWell Administrators, Inc. for your company's retirement plan or other retirement plan matters, please contact us at 856-396-0499 or ClientServices@RetireWellTPA.com.

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Required Mailings: What Are They?

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The government requires that certain documentation be provided to individuals in connection with their company's retirement plan. These materials are important to ensuring that people are informed of their rights and responsibilities concerning their company's retirement plan. The following is a non-exhaustive list of some of the important documentation.

1. Summary Plan Description (SPD)

The SPD depicts the features of a retirement plan and how it operates. In addition, the SPD offers guidance on when an employee can participate in a retirement plan and how to file a claim for benefits.

For a new retirement plan, the SPD must be distributed to all eligible employees within 120 days after the retirement plan is established. For a new employee, the SPD must be distributed within 90 days after first becoming covered under the retirement plan. Also, an updated SPD must be distributed approximately every five years, if there have been any material changes to the retirement plan, or every ten years, if there have not been any material changes to the retirement plan. In either case, an updated SPD must be distributed to plan participants and beneficiaries entitled to benefits no later than 210 days after the end of the plan year in which the relevant period ends.

2. Safe Harbor 401(k) Plan Notice (Notice)

The Notice furnishes information on what form of contributions will be made, how employees can make salary deferral elections, and other essential features concerning the retirement plan. The Notice must be provided to all eligible employees by at least 30 days (but not more than 90 days) prior to the start of each plan year. If the Notice has not been provided within this period, whether the Notice is considered as "timely" depends upon all of the relevant facts and circumstances. If an

employee becomes eligible after the 90th day prior to the start of the beginning of the plan year, the timing requirement is considered to be satisfied if the Notice is provided no more than 90 days before the employee becomes eligible and no later than the employee's eligibility date.

3. Summary Annual Report (SAR)

The SAR supplies a summary of the financial information from the "Form 5500" and contains a statement of the right to receive an annual report.

The SAR must be distributed to all plan participants and each beneficiary who is receiving benefits under the retirement plan within nine months after the end of the plan year. If an extension has been filed to extend the due date of the Form 5500, the SAR is due within two months after the end of the period for which the extension was granted.

4. Participant Fee Disclosure (Disclosure)

The Disclosure presents information concerning the fees and expenses associated with a retirement plan. Individuals may better understand how much money is being paid for administration of the retirement plan through reviewing the Disclosure.

The Disclosure must be provided to a plan participant or beneficiary on or before the date such person can first direct their investments and annually thereafter (at least once in any 14-month period). If certain retirement plan-related information is changed, plan participants and beneficiaries must be given a description of such change at least 30 days (but not more than 90 days) in advance of the effective date of such change.

If you would like to receive assistance with the distribution of any of the above-mentioned documentation, RetireWell Administrators, Inc. can help.

If you have questions concerning required mailings or other retirement plan matters, please contact RetireWell Administrators, Inc. at 856-396-0499 or ClientServices@RetireWellTPA.com.

Force-Outs

By Anthony L. Scialabba IV, Esq., QKA

The plan document of a company's retirement plan may have a force-out provision (also known as a "cash-out" provision). This feature requires that if the "vested" account balances of each former employee does not meet a certain threshold, their respective balances will be removed from the retirement plan. The following presents a summarization of force-outs.

1. Preparing Employees

If a company addresses the implications of a force-out provision with one of its employees when first eligible, the company can help the employee to avoid certain tax consequences when transitioning to the status of a former employee and possibly becoming subject to that force-out provision. As a result, such a company exhibits a commitment to the retirement well-being of its employee.

2. Tax Consequences

If the distribution is not rolled over to an IRA or another qualified plan, the total amount will be subject to federal and perhaps state income taxes (also, in certain situations, excise taxes). In this respect, the former employee will be responsible for all taxes payable on amounts not rolled over to an IRA or another qualified plan. The Internal Revenue Service mandates that 20 percent be withheld on an early distribution. This required withholding will not represent the former employee's actual income tax obligation (which may be more or less, depending on that former employee's income tax circumstances).

3. Force-out Thresholds

The plan document may indicate a threshold as high as \$7,000 (The SECURE 2.0 Act of 2022 raised the maximum threshold from \$5,000 to \$7,000.). If the vested account balance of former employees exceeds \$7,000, those former employees may opt to keep their assets in the retirement plan. If \$7,000 is chosen as the threshold, former employees who have vested account balances between \$1,000 and \$7,000 will have their balances rolled over to IRAs established in their names. Former employees with vested account balances under \$1,000 may generally receive their balances via a check subject to penalties (if applicable). The plan document will dictate whether rollovers are included or excluded in determining the vested account balance of a former employee.

4. Notice to Former Employees

To process a force-out, the company must supply its former employee with notice of at least 30 days to elect to take a distribution of cash or rollover into an IRA or another tax-qualified plan. The notice must detail what will occur if an election is not made. Also, the notice must identify the deadline to make an election. **Please contact your assigned Senior Plan Consultant or Client Services if you would like for RetireWell Administrators, Inc. to prepare and deliver notices on your behalf.**

If you have questions with respect to force-outs or other retirement plan matters, please contact RetireWell Administrators, Inc. at 856-396-0499 or ClientServices@RetireWellTPA.com.

This newsletter is for informational purposes only, and is distributed with the understanding that RetireWell Administrators, Inc. is not rendering legal advice. If such advice is desired, you should consult your independent legal counsel.

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