

INSIGHTS

The July 31st Restatement Deadline is Quickly Approaching for Plan Sponsors



Every six years, the IRS requires that pre-approved qualified retirement plans be restated or re-written to encompass legislative changes and regulatory guidance issued since the last restatement cycle.

Operationally, any such changes are already in effect and are reflected in interim plan amendments; however, the IRS mandates that all plan changes be incorporated into a restated retirement plan document.

Plan documents are written based on laws set forth by Congress, the Treasury Department (IRS) and the Department of Labor (DOL). Documents must be updated as those laws change. Some changes included in the Cycle 3 restatement are the definition of spouse, the ability to use forfeitures to offset certain contributions (including safe harbor contributions), and the expansion of mid-year amendments to safe harbor plans. With this restatement, the IRS also requires that the trust agreement be separate from plan documents.

“Cycle 3” Restatement

This restatement period is called Cycle 3 because it's the third time the IRS required plan documents to be restated. Defined contribution plan documents [not including 403(b) documents] need to be amended (or restated) and adopted by the retirement plan sponsor no later than July 31, 2022. Meeting the Cycle 3 restatement deadline is a mandatory IRS requirement, and there are penalties for not meeting that adoption date.

The plan restatement process should be more than just copying existing provisions and updating for the new law(s). It's a great opportunity to review your current plan provisions and make updates so your plan grows with your organization.

If you're a retirement plan sponsor client of Definiti's, your restatement should be well underway, and may already be completed. We do the heavy lifting for you to make sure your document is prepared correctly, meets your goals and takes advantage of new options. All you need to do is respond to our questions, approve any changes and sign the new plan document.

"We're pleased to have completed more than 90% of the Cycle 3 restatements for Definiti clients to date," said Brooke Cozort, ERISA Attorney. "This means not only have we incorporated all the previously issued mandated and discretionary amendments, we also had an opportunity to make sure the plan is continuing to meet the needs of the employer and participants. First, we ensure the plan remains compliant, and then we make sure it is still working for you."

We're Here to Help

If you work with another third-party administrator (TPA) and aren't aware of the upcoming Cycle 3 restatement deadline, contact your provider as soon as possible to find out what's involved, what they plan to take care of for you and when the restatement will be completed.

Are you considering making a switch to a new TPA? Let's start the conversation. Definiti can help with comprehensive retirement services, which include qualified plan design and administration, 3(16) fiduciary services, compliance and actuarial consulting and pension outsourcing. Call us at 1-888-912-3653 or email sales@definiti-llc.com.

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