Year End News and Reminders:

The various retirement plan limitations that will take effect on January 1, 2018 are as follows:

Calendar Year Plan Limitations	2018	2017
401(k) Salary Deferral	$18,500	$18,000
401(k) "Catch-Up" Contribution	$6,000	$6,000
Compensation Recognized in Plans	$275,000	$270,000
Defined Contribution Limit per Person	$55,000	$54,000
Defined Contribution Limit per Person age 50 or older	$61,000	$60,000
Highly Compensated Employee Definition	$120,000	$120,000
Social Security Wage Base	$128,700	$127,200

For the 2018 Plan Year the maximum amount that can be credited to a participant's account is the lesser of $55,000 or 100% of salary which includes employer contributions, 401(k) employee deferrals and reallocated forfeitures from non-vested participants. If a participant is eligible for the catch-up contributions, the maximum limit is increased to $61,000.

SafeAssociates.com - Check out our website! You will find helpful Newsletters, now published quarterly, with topics including:

- Navigating Distribtions & Under the New Tax Law
- End of the Year Checklist and iWork: The Next-Gen Workforce
- Dealing with Uncashed Distribution Checks and Missing Participants
- Benefit Communications in an Electronic World
- Topics: Retirement Plan Rx, Rise of the Machines, and Participant Loans
- Rules and Taxation of 401(k) Distributions
- Keeping Abreast of Plan Loan Rules
- Fun with Forfeitures
- A Fresh Look at Your Form 5500 Filing
- Part-Time Employees in 401(k) Plans
- Determining Retirement Plan Compensation
- A Plan Fiduciary's Responsibilities
- Automatic Enrollment for 401(k) Plans
- Timing is Everything
- Year End Compliance Testing Overview
- Hardship Distributions from 401(k) Plans
- The Ultimate Plan Sponsor Checklist
- Record Retention
- Safe Harbor 401(k) Plan Offers Many Advantages

Beneficiary Designations Forms:

End of your Plan Year is always good time to give participants an opportunity to update their beneficiary forms. Their circumstances may have changed due to divorce, remarriage, etc., necessitating a change to their prior elections. It is up to the plan sponsor to retain the beneficiary forms.

Forms 1099-R: IRS Form 1099-R must be provided by January 31, 2018 to any individuals who received a plan distribution (including a rollover) or a defaulted loan in 2017. The Form 1099-R must be filed with the IRS by **February 28, 2018**. If any federal tax was withheld for distributions during the year, a Form 945 must also be filed by January 31, 2018. The IRS can assess penalties for failure to file. In many cases the investment provider will prepare these forms. SAI can provide the reporting if needed and requested.

Enrollment/Change Forms: Verify that newly eligible employees are being enrolled in the plan on their appropriate plan entry date, and that they are receiving enrollment materials promptly. Even if an employee decides not to make 401(k) contributions, make sure they complete an enrollment form to indicate that they are declining participation.

IRS Fix-It Guides:

The IRS has taken steps in recent years to help plans stay in compliance with increasingly complex rules. Among them are free, user-friendly Fix-It Guides that can help plan sponsors keep their retirement plans in compliance and maintain their plans' tax-favored treatment. Go to:
https://www.irs.gov/retirement-plans/401k-plan-fix-it-guide

Each guide begins with a checklist of plan questions that can help uncover some of the more common mistakes the IRS finds in retirement plans. The goal is to reduce errors by providing a self-audit tool, which allows plan sponsors to increase the likelihood of discovering and self-correcting a mistake. Mistakes can and do happen. The earlier they are discovered and corrected, the better off everyone will be.

Forfeiture Accounts:

Early in 2017, the IRS changed their position with regard to using forfeitures to fund ADP Safe Harbor contributions. Up until this point, the IRS would not allow plans to reduce the QNECs, QMACs and Safe Harbor contributions by using available forfeitures. They took the position that the definition contained in current regulations requires such contributions to be fully vested when they are **first** contributed to the plan, rather than when the amount for such contributions are allocated to participants. Thankfully, they have relented and will allow forfeitures to be used to offset Safe Harbor contributions. Before you use any forfeitures for this purpose please contact me. An amendment to the plan document is required. I can forward this amendment to you at no charge.

The IRS reminds plan sponsors that forfeitures must be used or allocated in the plan year incurred. Many plans allow forfeitures to be used to reduce future contributions and/or pay administrative expenses. In some cased the plan provides for forfeitures to be allocated with the employer contribution for a given plan year.

The Internal Revenue Code does not authorize forfeiture suspense accounts to hold unallocated monies beyond the plan year in which they arise. In order to avoid potential problems the IRS suggests that plan sponsors monitor the forfeitures and use any available forfeitures promptly. Please review the provisions in your plan document to confirm how forfeitures are to be used.

401(k) Plan Contribution Deposits: The Department of Labor (DOL) has established a safe harbor for timely deposit of employee contributions to **small** retirement plans (plans with under 100 eligible participants). A plan will be treated as complying with the regulations if the contributions are deposited no later than the 7th *business* day following the day on which the amounts would have been payable to the participant in cash or following the day on which such amount is received by the employer (in the case of a participant loan payment given to the employer).

ERISA/Fidelity Bond: Make sure your Plan has the proper kind of bond. Under ERISA regulations, the Department of Labor (DOL) requires that the trustees of a pension or profit sharing plan (also called "plan fiduciaries"), who are appointed to manage the plan assets, must be covered by an ERISA/Fidelity Bond equal to at least 10% of "qualified" plan assets and 100% of "unqualified" plan assets.

An ERISA/ Fidelity Bond is **not** the same as an employee dishonesty bond or fiduciary bond. These bonds do not fulfill the DOL requirement for ERISA compliance. Additionally, the company issuing the bond must be one that has been approved by the Treasury Department. The most current list of Treasury-authorized companies is available at: https://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570_a-z.htm

Non-Discrimination Testing for 401(k) Plans*:* If your plan has not implemented safe harbor provisions, 401(k) ADP/ACP testing needs to be done and any necessary refunds issued no later than 2½ months after year-end to avoid an IRS penalty tax. To ensure timely processing, send in your complete and accurate employee census data by January 31, 2018. Be sure to complete the Annual Questionnaire, as that information is required for proper plan administration.

If you have had to curtail the highly-compensated employees from contributing the maximum allowable 401(k) contributions or have had to refund contributions to the highly-compensated then please refer to the Newsletter on our website: SafeAssociates.com for more information about the many advantages offered through safe harbor 401(k) plan provisions. The newsletter is titled: **Safe Harbor 401(k) Plan Offers Many Advantages**.