



Winter/Spring 2020

Newsworthy - The Newsletter for Employee Benefit Plan Sponsors

Tax Reform and 401(k) Plans



Despite all the noise leading up to the passage of the tax reform act (the "Act"), 401(k) rules were left mostly unchanged. The one notable exception centers on rules surrounding rollovers of participant loans.

Prior to the Act, participants who separated from a company had 60 days to rollover plan loans before they were taxed on the loan amount. The Act extends this timeline to the due date (with extensions) of the individual's federal income tax return.

While not a significant change, it does address industry leakage concerns as it buys additional time for separated employees to repay outstanding loans or transfer the loans to an IRA or new their employer's 401(k) plan.

Note: contrary to earlier proposals, the final Act does not include any direct changes to hardship distribution provisions that would have eased restrictions on Plan Sponsors.

Partial Plan Terminations

If your Company has announced (or is considering) layoffs of a portion of the workforce, please be aware that you have a responsibility to consider whether a partial plan termination of your benefit plan has occurred.

A good rule of thumb is that a 20% reduction of the workforce resulting from a layoff, or a series of related layoffs, constitutes a partial plan termination. When a partial plan termination occurs, all impacted participants (those being laid off) become 100% vested in all Company contributions.

Regardless of your ultimate conclusion, it is important that you document your thought process and determination.

Dufek & Company, LLC

What makes us different?

With most CPA firms, you see the partners once – when they are trying to solicit your business. After that you see a revolving door of recent college graduates asking the same questions year after year.

Dufek & Company is different as all of our engagements are staffed by the owners of the firm. You deal with the same experienced professionals every year!

Another difference is that we are a specialty CPA firm that only audits employee benefit plans. This allowed us to develop an effective and efficient process that keeps audit requests to a minimum and most importantly respects your time.

We pride ourselves in our expertise and our ability to get your testing done right the first time allowing the audit to be completed in a timely manner. We invite you to visit our website to learn more!

Serving Illinois and Wisconsin

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(312) 848-7616
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www.2200audit.com

Illinois - 55 E. Monroe - Suite 3800 - Chicago, IL 60603 - (312) 848-7616

Wisconsin - 200 South Executive Drive - Suite 101 - Brookfield, WI 53005 - (262) 720-1256

Related Internet Links

Click the red text or visit our website
(Resources / Internet links - on the top navigation bar).

- [401\(k\) Audit Blog](#) - Frequently updated blog covering many useful topics.
- [IRS "Fix-It" Guides](#) - Common mistakes and the recommended corrective action.
- [DOL Voluntary Correction Program](#) Department of Labor program to comply with annual reporting requirements.
- [Useful Publications](#) - Fred Reish, a respected ERISA attorney with Drinker Biddle, provides cutting edge insight for current hot button topics.
- [Third Party Administration](#) - Safe Associates, Inc. Is a third-party administrator specializing in areas such as Plan design and record keeping.

Measuring 401(k) Plan Performance

To assist in Plan Sponsors in benchmarking, Deloitte has released their 15th annual defined contribution plan survey.



Highlights of the survey include:

- Automatic enrollment is currently used in 67% of Plans
- Auto escalating deferrals are used in 31% of Plans
- 70% of Plans allow Roth contributions
- 7% of Companies increased matching contributions during the year
- 89% deposit matching contributions each pay period
- Vesting schedule used: Immediate (43%); 1-3 year cliff (22%); 1-3 year graded (7%); 4-6 graded (22%); Other (6%)
- 89% of Plans include target date funds as investment options
- 25% of Companies surveyed pay all administrative fees
- 69% of respondents utilized a bundled service provider
- 53% of Plans have been with their record keeper 10+ years

240 Plan Sponsors participated in this [online survey](#)

We Specialize - You Save!

By specializing in employee benefit plan audits we are able to provide quality audits with an efficiency that is unmatched by most full service CPA firms. As an added bonus, our fees may be thousands of dollars less than you are currently paying!

Question: How can we provide a quality audit that is **completed in less time** and ultimately **save your company money**?

Answer: **Specialization!** All we do is benefit plan auditing. We are continually honing our audit process so that we are able to provide you a quality audit while presenting questions and requests in a manner that respects your time!

We know your time is important. While there is a learning curve as we begin to understand the inner workings of your benefit plan, the key to respecting your time is to go through this learning curve once – not once every year.

CPA's specializing in:

- 401(k) Audits
- Profit Sharing Plan Audits
- ESOP Audits
- Pension Plan Audits
- Money Purchase Plan Audits



"A benefit plan audit doesn't need to cost too much and last forever. We are proving it!"

- Scott M Dufek, CPA