

Year-End Retirement Tasks

Halloween has passed! As year-end approaches, get ahead of year-end tasks, as follows:

Are You a Participant in a 401(k) Plan or SIMPLE IRA Plan?

Ensure you've taken full advantage of maximizing your elective deferral contributions for 2015.

- 401(k) plan limit is \$18,000, plus another \$6,000 if you're 50 or older.
- SIMPLE IRA plan limit is \$12,500, plus another \$3,000 if you're 50 or older.

Note the IRS has announced the limitations for 2016, and due to the lack of increase in the cost of living, the limitations remain the same.

Get to know the rules applicable to your plan, but most should allow you to make a change to your current elected percentage or dollar amount at any time, and most should allow you to defer all of a bonus or wage paid on any particular payroll.

Are You a Business Owner, Maintaining a SIMPLE IRA?

SIMPLE IRA plans are like a mini-401(k) plan, with:

- Lower limitations
- Mandatory employer contributions

It's time to serve advance notice of the 60-day enrollment period in anticipation of the new-year.

Are You a Business Owner, Maintaining a Profit Sharing, 401(k) or Defined Benefit Plan?

Upcoming Enrollment Date

January 1 usually represents an "enrollment date" for new enrollees. You'll need to identify who these individuals are, and get the required notices and disclosures to them. Among those applicable to your plan might be safe harbor notice, Summary Plan Description, Fee Disclosures, enrollment forms, investment election form, automatic contribution arrangement notice, etc.

Distribution Deadline

Clean up any old outstanding distributions using the DOL guidance on missing participants, forcing out to an IRA in order to remove them from the plan. Also, December 31st represents the deadline for 2015 Required Minimum Distributions to those business owners aged 70 ½ or over. Failure to take the distribution may cause a 50% penalty on the participant.

Optimizing Compensation for Most Favorable Allocation

Estimates can be run to determine anticipated deduction at the company level to either minimize corporate profits in a C-Corp, or optimize the W-2 wages paid in an S-Corp situation. Where "wiggle room" is available on S-Corp wages, the retirement plan contribution may be a driving force for increasing the wage depending on a cost/benefit analysis.

Proper Use of Plan Forfeitures

There has been focused attention in this area due to common non-compliance on the proper timing of disposition of plan forfeitures. Ensure your providers are properly advising you of their use in a timely fashion. If forfeitures are hanging over from a prior year, ensure they're disposed of prior to 12/31.

Are You a Business Owner, Not Yet Maintaining a Plan but Interested in Learning More?

There were more options available to you prior to 10/1. However, an entity (of any type) can still adopt a qualified retirement plan to be effective for 2015 any time up until December 31, 2015. Evaluating the census/demographics of your company and understanding your goals are critically important factors in assessing the appropriate plan for your company.

Contact Us:

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