



## December 2017 Newsletter & Important Information

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### **A message to our valued clients:**

As 2017 comes to a close, we think about our clients, professional colleagues, friends and family. We truly appreciate your business and we're grateful for the trust you have placed in us for over 20 years. We are privileged to have the opportunity to serve you and we look forward to continuing our relationship for years to come. Should you have any suggestions on how we can serve you better, please do not hesitate to drop us a note or give us a call. Our commitment to providing you the best service is our primary goal.

### **Meet our New Staff**

#### **Please join us in welcoming our new Team Members!**

*Beth Mauri* – Beth joined our team in August as a Client Services Specialist.

*Lisa Gotberg* – Lisa joined our team in August as a Plan Consultant for Defined Contribution Plans with over 5 years of experience.

*Crystal Curtis* – Crystal joined our team in August as a Plan Distribution Specialist.

*Jessica (Jesse) King, QKA* – Jesse joined our team in September as a Plan Consultant with 5 years of experience.

*Kathryn (Kat) Schwartz* – Kat joined our team in November as our Business Operations Manager with over 15 years of experience.

### **Important Year-End Compliance Checklist**

The “Year-End Compliance Checklist” that follows has been designed to help ensure that various time-sensitive matters related to your Plan are executed and/or addressed before December 31, 2017 (or shortly thereafter, as applicable). Please review this checklist carefully (even if your Plan Year-End does not correspond with the calendar year) and contact your PASI Plan Consultant with any questions you may have. *You only need to return this checklist if necessary, as indicated on the checklist.*



## Year-End Compliance Checklist

*Please call us for assistance as necessary.*

*Please note that we are NOT requesting that this checklist be returned to our office, except as follows. **If you identify any action items**, please fax or email this checklist to your Plan Consultant and/or call with questions. Use the space provided at the bottom of the page for any notes.*

Completed By: \_\_\_\_\_ Company: \_\_\_\_\_

<input type="checkbox"/>	Please verify that no one has, or will, exceed the 2017 maximum 401(k)/403(b) contributions of \$18,000 (plus \$6,000 of “age 50 catch-ups”). <i>This review is particularly critical if you changed payroll providers mid-year.</i> <b>Please let us know as soon as possible if there has been an excess contribution</b> - any excesses must be refunded no later than <b>April 17, 2018</b> to avoid <u>serious</u> tax consequences for the Participant, including <u>double taxation</u> on excess amounts.
<input type="checkbox"/>	If your Plan permits participant loans and a participant terminated employment during 2017 with an outstanding loan, <b>please let us know as soon as possible</b> so we can ensure that the participant receives the applicable Form 1099 by the <b>January 31, 2018</b> due date.
<input type="checkbox"/>	If you used any temporary employees during the year and subsequently hired those “temps” as regular full-time employees, you may need count their temporary service for plan purposes. <b>Please call us to discuss as needed.</b>
<input type="checkbox"/>	If your business is taxed as either a partnership (e.g. your business files a <i>Form 1065</i> and you receive a K-1 rather than a W-2) or a Sole Proprietorship (e.g. you include a Schedule C with your 1040), the owners have the option to delay the funding of their own personal 2017 401(k) contributions through the due date of the 2017 business tax returns (including extensions, if any). However, an irrevocable election to this effect must be executed no later than <b>December 31, 2017</b> . A sample election can be provided by PASI upon request.
<input type="checkbox"/>	Please ensure that you have distributed enrollment materials to any Participants who might become eligible on January 1, 2018 (and any other Plan Entry Date). These materials include: new Participant Fee Disclosures, Safe Harbor Notices (if applicable) and Summary Plan Descriptions.
<input type="checkbox"/>	If anyone who is at least 70 years old retired at any time during the calendar year 2017, <b>please let us know as soon as possible</b> . They may be required to receive a minimum distribution by <b>April 1, 2018</b> if they had an account balance.
<input type="checkbox"/>	Please ensure that any owners and/or employees who intend to contribute the maximum for the calendar year 2017 have deferred the full \$18,000 (plus \$6,000 in “age 50 catch-ups”) before <b>December 31, 2017</b> . Additionally, for calendar 2018, those same owners and/or employees should adjust their contribution levels as needed to ensure that the full \$18,500 (plus \$6,000 in “age 50 catch-ups”) is deferred before the end of next year.

### Notes:




## Qualified Plan Limits

**We are pleased to announce the 2018 dollar limits that most affect tax-qualified retirement plans:**

	<b>2018</b>	2017
<b><i>Defined Contribution Limits</i></b>		
401(k)/403(b) Contribution Limit	<b>\$18,500</b>	\$18,000
401(k)/403(b) Catch-Up Limit	<b>\$6,000</b>	\$6,000
Total Plan Contributions Limit (all sources)	<b>\$55,000</b>	\$54,000
SIMPLE IRA/401(k) Contribution Limit	<b>\$12,500</b>	\$12,500
SIMPLE IRA/401(k) Catch-Up Limit	<b>\$3,000</b>	\$3,000
<b><i>Compensation Limits</i></b>		
Maximum Compensation – Plan Purposes	<b>\$275,000</b>	\$270,000
HCE Compensation Test Threshold	<b>\$120,000</b>	\$120,000
Social Security Taxable Wage Base	<b>\$128,400*</b>	\$127,200

*\*This amount was updated per the November 27, 2017 Social Security Administration press release, found [here](#).*

**If you have any questions regarding how these new limits will affect your plan, please do not hesitate to contact us.**



## Special 401(k) / 403(b) Payroll Deduction Form for Bonuses

If your company is giving holiday or other bonuses this year, your 401(k)/403(b) plan may allow Participants to make a special 401(k)/403(b) payroll deduction election that would apply exclusively to that bonus. This means Plan Participants could contribute up to 100% of their bonus without impacting their regular payroll deduction contribution elections. **If you would like to discuss this option with us, please contact your Plan Consultant.** PASI can customize a form for use with your Plan.

## Timely 401(k)/403(b) Deposits

The issue of timely 401(k)/403(b) deposits continues to be of the highest priority to the U.S. Department of Labor. In accordance with final regulations regarding deposit deadlines, Plans with less than 100 Participants are required to deposit contributions within **seven (7) business days** from the **paycheck date**.

Plans with more than 100 Participants have generally been held to a higher standard – we therefore recommend that these larger plans deposit contributions **as soon as possible** after the paycheck date.

**If you have any questions on your deposit requirements, please call your Plan Consultant.**

## Use Sharefile to Securely Transmit Sensitive Data to PASI

Connecticut, and many other states, have laws requiring employers to protect personal information, such as Social Security Numbers and Dates of Birth. In order to send and receive this information to and from our clients, we use Sharefile (a Citrix subsidiary). Sharefile is a state of the art provider of encryption software to share sensitive data with recipients. Please remember to use this feature when returning sensitive information to our office. A Sharefile link is included in each PASI Consultant's email signature.

## PASI Pre-Approved 401(k): Amendment Regarding the Use of Forfeitures Toward Safe Harbor Contributions

The following applies to your Plan if: a) you sponsor a *401(k) Plan*; b) your Plan is based on PASI's pre-approved Plan document; and c) your Plan includes Safe Harbor Matching or Non-elective contributions. For a period of two to three years, the IRS had placed significant restrictions on a Plan Sponsor's ability to reduce its required "Safe Harbor" contributions by available forfeiture balances. Forfeitures arise from the non-vested balances of terminated Participants. Various professional organizations supported by PASI successfully lobbied with the IRS to reverse this needless constraint on Plan Sponsors. The attached amendment to our pre-approved Plan has been adopted on behalf of all Employers who have adopted our document. No action is required on your part and your Participants do NOT need to be informed of this change. If you have any questions on this amendment, **please call your Plan Consultant.** If applicable, please simply file a copy of this amendment with Plan's permanent files.



## Employee Census Data

If your Plan Year ends on December 31<sup>st</sup>, your Plan Consultant will be reaching out to you for important census data in the coming weeks. Feel free to contact your Plan Consultant at any time if you are prepared to supply us with this data, but have not yet received our formal request.

## Fidelity Bonding Requirements

Federal law (i.e. ERISA) generally requires that qualified retirement plans must be protected by a fidelity bond. A fidelity bond protects the Plan's assets from losses due to fraud or dishonesty by any individual handling funds or other property of the Plan (e.g. Trustees). PASI requests a copy of your fidelity bond to review it for compliance each year.

PASI recommends obtaining a policy that provides “blanket” coverage for anyone required to be bonded. Otherwise, you should ensure that any of the following individuals are covered by the policy:

- Anyone who has physical contact with cash, checks or similar Plan property.
- Anyone with the power to transfer or negotiate Plan property for a price.
- Anyone with the power to disburse funds, sign checks, or produce negotiable instruments from the Plan assets.
- Anyone that has decision-making authority over any individual described above.

PASI also recommends obtaining a policy that automatically increases the bond amount to the level necessary to comply with ERISA (“inflation guard”). Otherwise, you should ensure that the fidelity bond provides coverage of no less than 10% of the Plan's assets. Regardless, the bond amount can never be less than \$1,000. A bond is not *required* to be more than \$500,000 (except in the case of a Plan holding stock of the plan sponsor). Many plan sponsors choose to obtain coverage well in excess of \$500,000 based on consultations with their insurance agents.

For more information on the [fidelity bonding requirements](#), or to check your fidelity bond status, **please call your Plan Consultant.**

## It's a great time to switch to PASI Payroll!

Concerned about late deposits and lost interest owed to Participants? For an easy, integrated 401(k) and Payroll solution, talk to us about PASI Payroll!

PASI Payroll can reduce your administrative burdens and minimize errors and delays that often occur with separate vendors managing your retirement planning and payroll activities.

It's a package of complete, accurate and affordable payroll services that also allows you to realize full integration and custom reports. Plus, you eliminate the need for compiling year-end census data!

Call us or visit our website for more information about our [Payroll Services](#).

**AMENDMENT TO PERMIT FORFEITURES  
TO BE USED TO REDUCE QNECs, QMACs and ADP SAFE HARBOR CONTRIBUTIONS**

**ARTICLE I  
PREAMBLE**

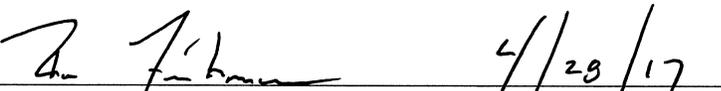
- 1.1 **Effective date of Amendment.** The prototype sponsor or volume submitter practitioner, on behalf of the Employer, adopts this Amendment to the Plan effective as of the first day of the Plan Year in which this Amendment is adopted, or if different, the earliest effective date permissible by applicable law.
- 1.2 **Superseding of inconsistent provisions.** This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.
- 1.3 **Effect of restatement of Plan.** If the Employer restates the Plan, then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document which incorporates these provisions).
- 1.4 **Adoption by prototype sponsor/volume submitter practitioner.** The prototype sponsor or volume submitter practitioner hereby adopts this Amendment on behalf of all adopting employers.

**ARTICLE II  
AMENDMENT PROVISION**

Notwithstanding any prohibition in the Plan to the contrary, to the extent a Plan permits Forfeitures to be used to reduce any Employer Contributions, then such Forfeitures may be used to offset Employer Contributions that are Qualified Nonelective Contributions (QNECs), Qualified Matching Contributions (QMACs), and contributions made pursuant to Code §401(k)(12) (ADP Safe Harbor Contributions). Specifically, any Plan language stating or implying that a QNEC, QMAC, or ADP Safe Harbor Contribution must be fully vested when made or when contributed is modified to provide that such contributions must be fully vested only at the time such contributions are allocated.

\* \* \* \* \*

This amendment is hereby adopted by the prototype sponsor/volume submitter practitioner on behalf of all adopting employers.

  
\_\_\_\_\_  
(signature and date)

Sponsor/Practitioner Name: PASI, LLC