

Post-Pension Protection Act Cycle 3 Has Started

It's that time again to restate defined contribution plans (i.e., 401(k), Profit Sharing, and Money Purchase) that utilize a pre-approved plan document. The IRS requires that employers restate their pre-approved plan document approximately every six years. This requirement dictates that all legislative changes as well as discretionary amendments adopted since the last cycle's restatement period be incorporated into a newly restated plan document. We have received an approval letter from the IRS with respect to the document that we will use for the current restatement cycle. Here are some general details regarding this cycle:

- The restated document must be adopted (signed) no later than July 31, 2022. If the plan is not adopted by this deadline, it will no longer be in compliance and may be subject to IRS imposed penalties, which could include a revocation of the plan's tax deferred qualification.
- Aside from the restated document, there will be three additional amendments that may be required on behalf of the plan: Hardship Distribution Provisions (must amend for these rules no later than December 31, 2021), the SECURE Act and the CARES Act.
- The Department of Labor requires that a restated Summary Plan Description ("SPD") be done periodically to update it with all changes made and incorporate all Summaries of Material Modifications. It's most economical to rewrite this SPD at the same time as the restatement of the plan document.

We consider this a great opportunity to consult with each of our clients on the plan as a whole, the current demographics of their company, and the plan objectives to determine whether any changes in the current plan design are warranted or desired. Upon having this discussion, we will draft the required documents in order to comply with this mandatory restatement and coordinate the execution of them in order to ensure our clients' plans continue to stay in compliance.

We will be contacting our clients in the upcoming months to discuss this further as we are committed to providing the attention and professional expertise in making this new restatement cycle as efficient as possible. Feel

free to contact First American Bank Retirement Plan Services at (847) 392-2999 or RSAdmin@firstambank.com with any questions or concerns you may have.

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