

# The PRS Report

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## CLIENT REFERRAL PROGRAM:

If a client you recommend to us becomes our client, you can receive a 10% discount on annual services for every year they remain a client



## Year-End Reminders and Important Deadlines...

Our annual list of year-end reminders and important deadlines follows. Contact us if you have any questions regarding any of the items listed. Many of the dates refer to calendar-year plans and adjustments may be necessary for non-calendar year plans.

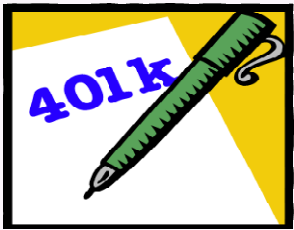
Besides the reminders and deadlines detailed below in this report for all types of business entities, we want to highlight, especially for professional firms that are pass-through businesses, the 2017 Tax Cuts and Jobs Act. This Act may have a big impact on your tax bill if its benefits can be utilized. It is crucial to consult with your accountant to determine whether establishing a new retirement plan, modifying your current plan, or adding an additional plan to the one you already sponsor will allow you to qualify for the **20% deduction on Qualified Business Income (QBI)**. Since there are income limitations to receiving the 20% QBI deduction, utilizing retirement plans to reduce income can enable you to qualify for this significant tax benefit. If you and your accountant are in agreement that we possibly can be of assistance in your qualification for the 20% QBI deduction, please contact us ASAP.

## Year-End Reminders




| ITEM                              | DISCUSSION  |
|-----------------------------------|---|
| New Plans                         | For a new plan to be effective for this tax year, December 31, 2023 is no longer the final day that a plan document can be signed. The Secure Act, passed in December of 2019, allows new plans to be established up to the filing deadline of the plan sponsor. Of course, lead time is needed for plan design work, client consultation, and document preparation. Now is the time to launch discussions on available options for new pension plans.  |
| Plan Amendments and Contributions | If it is desired to amend a pension or profit sharing plan, then the plan has to be amended prior to the plan's year-end. If it is desired to decrease a pension plan benefit or contribution formula, then generally an advance notice prior to participants accruing their benefits is required. Generally, for a calendar year pension plan, which is also a small plan, the participant notice describing a benefit decrease has to be distributed at least 15 days prior to the effective date. Because a profit sharing plan's contribution is usually discretionary, this latter requirement generally does not apply to profit sharing plans. |

## Year-End Reminders (continued)

| ITEM   | DISCUSSION   |
|--|--|
| <p><b>Safe Harbor 401(k) Notices</b></p>  | <p>Since many of the Safe Harbor 401(k) plans we provide services for are plans in which the employer has the option <b>before December 2nd of the current year</b> to decide whether or not to make a safe harbor non-elective contribution of 3% for the current year, annual notices must still be distributed to eligible employees. Notices for 401(k) plans with safe harbor matches are also still required. These notices must be distributed between 30 and 90 days before the end of the current plan year. For those plans where the 3% non-elective safe harbor contribution is not optional, annual notices are no longer required.</p>   |
| <p><b>Salary-Reduction Elections</b></p>   | <p>Participant 401(k) and Cafeteria Plan elections generally have to be made prior to the beginning of the plan year. Before the end of 2023, plan sponsors should confirm that election options have been communicated and participant elections made for calendar-year plans.</p> <p>Should the IRS or the Department of Labor (DOL) audit your plan, they will ask to see copies of the completed Salary Election Forms. If you are unable to show these completed Salary Elections Forms to auditors, the IRS or the DOL may well conclude that the option to withhold 401(k) was never offered to employees. The result could be required employer contributions to these employees. We cannot emphasize enough the importance of not only distributing Salary Deferral Election Forms each year before the beginning of the next plan year, but also of getting all of the Forms back, including from those who have declined electing 401(k).</p> <p>Note that premiums paid by individuals for individual health insurance coverage obtained on the Individual Exchanges mandated by the Affordable Care Act are not eligible for pre-tax treatment under cafeteria plans.</p> |
| <p><b>Participant-directed Investments</b></p>   | <p>If participants self-direct their plan investments, then these investments should be reviewed for suitability no less often than annually. It is the plan administrator's fiduciary responsibility to provide appropriate investment choices. It is also the plan administrator's responsibility to provide both annual and quarterly notices to the participants. Often, it is the plan's recordkeeper that provides these notices. Be sure those notices comply with the fee disclosure regulations.</p>  |

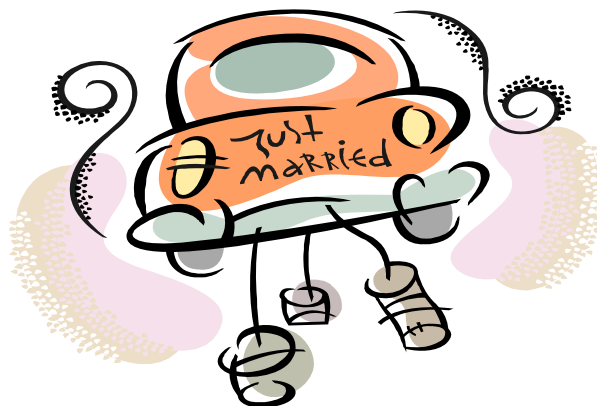
## Year-End Reminders (continued)

| ITEM  | DISCUSSION  |
|---|---|
| <p><b>Retirement-plan Distribution Withholding and Reporting Requirements</b></p>  | <p>Form 945 is used to report distribution income-tax withholding and Forms 1099-R and 1096 are used to report retirement plan distributions to participants for tax purposes and to the IRS.</p> <p>If distributions were made in 2023, then the filing deadline is January 31, 2024 for Form 945 and for the participant copy of Form 1099-R. The deadline is February 28, 2024 for IRS Forms 1096 and 1099-R (red copies). Generally, your accountant or bookkeeper will prepare Form 945.</p> <p>Generally, the Trust should have a Trust Identification Number (TIN) which is different from the Corporate Employer Identification Number (EIN). The TIN should be used to report plan distributions and as the identification number for asset accounts. If the Trust does not have a separate number, please notify us so that we can apply for one. If asked, we can prepare the Form 945 for a nominal fee.</p> <p>Please note that you must use the Electronic Federal Tax Payment System (EFTPS) to make your plan distribution withholding tax deposits. If you don't have an EFTPS account under the TIN, then you must establish one.</p> |
| <p><b>Required Minimum Distributions</b></p>  | <p>Required minimum distributions (RMDs) from all qualified plans normally have to be taken by December 31st of each year. The SECURE 2.0 Act legislated that RMDs be taken at age 73 instead of at age 72. Because the RMD requirements are complicated and because there is an excise tax (10% - 25%, depending on when RMD is taken) for the amounts not taken which should have been, we suggest that you contact us if you have any questions.</p>   |



## Year-End Reminders (continued)

| ITEM                              | DISCUSSION  |
|-----------------------------------|---|
| <b>Fidelity Bond</b>              | <p>Except for one-participant plans or plans eligible to file a Form 5500-EZ, ERISA requires that every fiduciary of an employee benefit plan and every person who handles funds or other property of a plan be bonded.</p> <p>The amount of the bond is generally 10% of the funds handled unless the assets are non-qualifying assets, in which case the fidelity bond must be for 100% of the funds handled. The coverage requirement is determined at the beginning of each year and may have to be updated. You can obtain a bond from your casualty broker.</p>   |
| <b>Beneficiary Election Forms</b> | <p>Each plan participant should be reminded that he can update his Beneficiary Election by completing a new Form. Examples of when new forms should be completed are as follows:</p> <ol style="list-style-type: none"> <li>1. A participant whose marital or family status has changed since last completing a Beneficiary Election Form should complete a new form.</li> <li>2. A married participant, having attained age 35 since last completing a Beneficiary Election Form, should complete a new Form.</li> <li>3. A participant who has changed his estate plans since last completing a Beneficiary Election Form may want to complete a new Form.</li> </ol> |



## Important Deadlines



| EVENT   | DEADLINE  |
|---|---|
| Safe Harbor 401(k) Plan annual notice, when required:   | Between October 2 <sup>nd</sup> and December 1, 2023* |
| 2024 401(k) elections by:   | December 31, 2023*                                    |
| 2024 Cafeteria Plan elections by:   | December 31, 2023*                                    |
| 2024 PBGC premiums:   | October 15, 2024*                                     |
| Filing of 2023 Form 945 by:   | January 31, 2024                                      |
| Filing of participant copy of 2023 Form 1099-R by:  | January 31, 2024                                      |
| Filing of 2023 Form 1096 by:  | February 28, 2024                                     |
| Filing of IRS copy of 2023 Form 1099-R by:  | February 28, 2024                                     |
| Certain participants who attained age 73 prior to 2023 must take their 2023 minimum required distributions by:  | December 31, 2023                                     |
| A participant who attained age 73 during 2023 has to take IRA (non-Roth) minimum-required distribution and qualified-plan minimum-required distribution by: | April 1, 2024   |

*\*Dates shown are for calendar year plans*



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