

Retirement Planning Items 2023 & Beyond

W-2 Reporting (Please share this with your W-2 Preparer)

Use Box 12 to report 401k withholdings from employees; Code D for Pre-Income Tax Deferrals with \$'s reported; Code AA for Roth 401k

Check the "**Retirement Plan**" in **Box 13** for any employee who either contributed to, or received any Employer contributions to your Retirement Plan during 2023. It does not matter for what year the contributions are funded, only if any money was contributed **during 2023** for purposes of this reporting. Reference our most recent annual report for your Plan to help determine employees for whom this box should be checked.

Check out these IRS websites for more information and form instructions:

www.irs.gov/pub/irs-pdf/fw2.pdf or www.irs.gov/pub/irs-pdf/iw2w3.pdf

2024 Plan Limits – Changed limits bolded

401k Contributions - \$ **23,000** under age 50; \$ **30,500** if 50 and older (\$ 7,500 Catch-Up)

Maximum Compensation for Plan Purposes = \$ **345,000**

Maximum Annual Additions Limit = \$ **69,000** (not counting 401k catch-up contributions)

Social Security Taxable Wage Base = \$ **168,600**

These limits have different measurement periods. 401(k) contributions and the Social Security Tax Base are measured on a calendar year basis. Maximum compensation is based on the Plan Year that begins in 2023. Maximum annual additions are measured for the Plan Year end date in 2023. Confused? We'll help keep you straight!

MarylandSaves (and similar State Sponsored programs).

Like many other States, Maryland has set up a Retirement Plan option for Maryland Employers who do not maintain a Plan of their own. Many Maryland Employers will be required to participate in this program, unless they maintain a Retirement Plan of their own – which all our clients do! **You are required to register your business with the State**, to certify your exemption from inclusion in MarylandSaves. **Register or re-certify by 12/01/2023 to enjoy a \$ 300 savings on your 2024 MD Personal Property Tax Return filing fee!** Let us know questions on this process. Other States in our service area with similar programs are: New Jersey, New York, Massachusetts, Connecticut and Virginia. Check your local State for details, including any registration requirements.

Long Term Part time employees – something new to track.

The SECURE Act passed in late 2019 contained a provision requiring so-called long term, part time employees, those who work more than 500 hours annually for 3 consecutive years, be offered 401(k) Plan participation. For Plans requiring more hours worked annually to qualify, this new law provision will over-ride that standard. We will monitor this with our annual collection of employee census data from our clients, and provide alerts in the future when employees falling under this new classification become eligible for 401(k) participation. The earliest participation date, based on current law provisions, will be January 1, 2024, unless extended by IRS action. This new law is on our radar and we will alert clients when they do have any long term part-time employees who made need to be offered 401(k) contribution opportunity.

We thank you for your business, and your continued trust in us!

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Fidelity Bond Information is Important

We continue being active in communicating with our clients about the need for a Fidelity bond purchased to cover Plan Trustees. These are theft bonds and are a requirement of the Department of Labor (DOL). Bonds should cover all named Plan Fiduciaries and any persons who “handle” Plan funds. Clients should coordinate specifically with their property and casualty insurance providers to confirm their bond needs and specifications, and to make sure that the proper fidelity bond is in place. Our offices will request specific fidelity bond information as a part of our annual information request since bond information is reportable on the annual form 5500 filed with the DOL.

Year-End Information Requests

Our annual request for calendar year-end clients will be sent via U.S. Mail in late December. Please watch for this package and provide the requested information as soon as practical. Note that **some clients may wish to provide employee census data in an Excel spreadsheet format, which we prefer.** Please contact our offices for a file template and instructions to compile and provide this information electronically. Files should be sent via encrypted email for security. Information provided by other means - including manually compiled census reports and reports generated from payroll software is also acceptable. Please contact our office staff with any questions.

SECURE 2.0

This legislation was signed into law in late 2022, with a host of 401(k) changes and options, all of which have varying effective dates. Some of the most significant changes to be aware of now are:

Required Minimum Distributions – the trigger age increased to 73 for anyone who had not reached age 72 by 12/31/2022. Tiger’s Eye monitors RMD’s for our clients and will communicate and coordinate those for participants when needed.

Catch-Up (over age 49) contributions may (emphasis on may) be required to be treated as **Roth** (after-tax) contributions. Treatment is based on a W2 compensation measure, and this provision was pushed forward to 2026 by IRS to allow time to implement effectively and in conjunction with IRS regulatory guidance to come.

Automatic Cash-Out distributions to former employees. Our client Plans contain a provision which allows the “force out” of vested benefits to non-responsive participants after they leave employment. The dollar limit for cash-outs was a vested benefit total of \$ 5,000 and that threshold is raised to \$ 7,000 effective 01/01/2024. Automatic Cash-Outs are monitored by Tiger’s Eye with our coordination of benefit distributions to former employees from our client Plans.

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SECURE 2.0 continued

Automatic Enrollment for New 401(k) Plans. Automatic enrollment is a Plan design which the Federal Government has supported as a mechanism to increase employee participation in retirement savings. For most new 401(k) Plans created after 2022, automatic enrollment must be included. Automatic enrollment may be delayed for new Plans to 01/01/2025 or begun with a new Plan whose effective date is 01/01/2023 and after.

Start-Up Tax Credits for new 401(k) Plans. Tax credits were expanded under SECURE 2.0 to new 401(k) Plans to incentivize Employers who do not have a 401(k) Plan for their employees to create one. Credits depend on the number of non-highly compensated employees eligible for a Plan with an additional \$ 500 tax credit applied to a new 401(k) Plan with automatic enrollment. Your tax advisor and Tiger's Eye will be able to help with the determination of tax credits based on Plan start-up costs.

No Required Minimum Distributions from Roth 401(k) Balances. This new provision, effective after 12/31/2023, eliminates RMD payments from Roth balances within a 401(k) Plan. This provision aligns Roth 401(k) balances with Roth IRA holdings as exempt from RMD requirements.

More changes will come and we will keep our clients updated on future provisions, including optional versus required changes.

Make sure we have Current Email Contact Information

With more and more communications being made via email, and some administrative aspects of your retirement plan specifically coordinated via email contact (for example, the form 5500 filing), **it is critical that we have correct and up-to-date email contact information for all our clients.** This contact information should include both the designated signer of form 5500 along with any other administrative contacts who coordinate activity for your Retirement Plan.

DOL Signing Credentials

With the form 5500 filing process now all electronic, we have and will continue to work with clients to obtain signing credentials with the Dept. of Labor (DOL) for use with their EFAST filing system. Our staff members are here to help you obtain and update credentials if needed.

Take advantage of our resources

Check our website at www.tigerseyebenefits.com for updates and information helpful to the administration of your qualified Retirement Plan. And of course, never hesitate to contact our offices with questions or concerns. Our staff is here to help and guide our clients in whatever way we can.

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