PBS

New Plan Checklist

ITEMS TO REMEMBER

Welcome to Professional Benefit Services. For more than three decades, we have provided peace of mind by helping employers navigate retirement plans. We do this by simplifying the complexities of retirement plan administration, compliance, and ERISA responsibilities. The information requested in this checklist will help us efficiently establish your plan and guide you through the next steps with confidence.

PBS, Inc. services include:

- Document and plan design services
- Performing annual discrimination testing
- Reconciling plan assets by comparing investment statements and year end census records
- Preparing annual 5500 tax forms
- Assisting with participant withdrawals

Examples of Client responsibility:

- Review the service agreement in depth for complete details
- Offer the plan to employees
- Payroll withholding
- Ensure withholding amounts match employee requests
- Upload contributions timely
- Hand out participant notices
- Sign off on distributions

Additional and important information:

5500 tax forms are required for all ERISA covered retirement plans and are filed online within seven months after the plan year end. An extension may be filed prior to the expiration of the seven month period to extend the 5500 due date another two and a half months. The penalty for late filings may be as great as $300 per day or more.

Eligible Compensation: Plan contributions are based on the plan's definition of eligible compensation, and not every type of pay is always treated the same way. Bonuses, commissions, overtime, owner compensation, fringe benefits, post-severance pay, and other special payroll items should be reviewed before documents are prepared. Please confirm with your payroll provider and PBS which pay types should be included or excluded.

EACA: New 401(k) and 403(b) plans beginning after 2022 are required to enact an **Eligible Automatic Contribution Arrangement**. This is mandatory. You will note several simplified provisions in the checklist that follows. Ask your PBS sales rep for clarification on any of the points.

LTPT: Effective January 1, 2025, **long-term part-time employees** with at least 500 hours of service in two consecutive 12-month periods must be allowed to make elective deferrals. The two consecutive years start with service earned in 2021 and the years after. These employees may still be excluded from employer contributions in many cases, but eligibility and hours tracking should be discussed before documents are prepared. Please let PBS know if you have part-time, seasonal, or variable-hour employees.

ADP / HCE Testing: Some 401(k) plans must pass annual nondiscrimination testing, including the Average Deferral Percentage (ADP) test. Highly Compensated Employees — generally including owners, certain family members, and employees who exceed the IRS compensation threshold — may have their deferral contributions limited based on the participation of other employees. Current IRS limits can be found here: IRS retirement plan contribution limits.

New Plan Checklist

ITEMS TO REMEMBER

HPI / Roth Catch-Up: Beginning in 2026, certain higher-paid participants who are eligible for age 50+ catch-up contributions may be required to make those catch-up contributions as **Roth contributions**. This rule generally applies based on the participant's prior-year FICA wages from the employer exceeding the IRS threshold. Please confirm that your payroll provider and investment company can properly identify affected participants and administer Roth catch-up contributions.

The IRS regulations clearly define the due date for employee contribution **deposits**. For plans with under 100 employees, employee contributions must be deposited within 7 business days from the date of payroll or the plan is required to calculate lost earnings. Plans with greater than 100 employees must deposit employee contributions immediately. Employer contributions can be sent in at any time, but no later than the due date of your corporate returns.

401(k) plans can become **Top Heavy**. Most Top Heavy plans **REQUIRE** employers to make a 3% profit sharing contribution to all eligible employees. A good guideline for anyone wanting to avoid becoming Top Heavy is to make sure that the total monthly deposits made for key employees (owners, officer, etc.) do not exceed the total monthly deposits for the rest of the employees. Plans making Safe Harbor contributions typically satisfy the top heavy requirement.

Existing plans with **more than 120 participants** at the beginning of the plan year (or new plans with more than 100 participants at the plan year end) will require an audit by an independent auditor. (Fees for these services are charged by the independent auditor and can be $10,000 or more.)

To protect pension plan participants from possible fraud by individuals handling their funds, ERISA requires plans to purchase fidelity coverage for at least 10% of the plan's assets. These **ERISA-required bonds** are inexpensive and normally obtained from the company's liability carrier.

Please provide us with complete **business ownership** information. Also, remember to ask owners of the business and their spouses if they have ownership of any other business and what that ownership percentage is (for potential control group issues).

Please contact PBS if you have any questions about the above.

(800) 982- 2012

www.profben.com

sales@profben.com

Clear Form

NEW PLAN CHECKLIST

PBS
Professional Benefit Services, Inc.

I. PLAN TYPE

PLAN TYPE:

- ☐ Safe Harbor 401(k)
- ☐ Traditional 401(k) Plan
- ☐ Profit Share Only
- ☐ 403(b) Plan

If you did not select a Safe Harbor 401(k) Plan, do you intend on making an employer contribution (match or profit share) in the first year of the plan? ☐ YES ☐ NO

Will owners be participating in the plan? ☐ YES ☐ NO

II. EMPLOYER INFORMATION

Business Legal Name :

Street Address :

City/State/ZIP : *State* *ZIP Code*

Phone Number : **Fax Number** :

EIN :

PAYROLL CYCLE:

- ☐ Weekly
- ☐ Bi-Weekly
- ☐ Semi-Monthly
- ☐ Monthly
- ☐ Other :

BUSINESS OWNERS & PERCENTAGE OWNERSHIP :

Do any owners, or spouses of owners, own other businesses? ☐ YES ☐ NO

Do those other businesses have employees? ☐ YES ☐ NO

Does your company/owner(s) manage other companies? ☐ YES ☐ NO

**If yes, please provide additional information on last page about the kind of involvement*

BUSINESS TYPE:

- ☐ S-Corporation
- ☐ C-Corporation
- ☐ Sole Proprietorship
- ☐ Non-Profit Organization
- ☐ LLP
- ☐ LLC
- ☐ Partnership
- ☐ PC

If an LLC, what business type are you taxed as?

Nature of the business: # of Employees:

NAICS Business Code (as reflected on corporate tax return):

Fiscal Year End: / *Month* *Day* Date of Incorporation or Date Business Began: / / *Month* *Day* *Year*

II. EMPLOYER INFORMATION

Does the employer currently maintain, or has the employer previously maintained, another qualified plan? ☐ YES ☐ NO

If yes, specify the plan type and date of termination:

Additional Adopting Employers: ☐ YES ☐ NO

Name(s) of Adopting Employers:

III. BASIC PLAN INFORMATION

PLAN NAME :

EFFECTIVE DATE : Month / Day / Year

PLAN YEAR END : Month / Day

TRUSTEE #1 : Name / Phone / E-mail

TRUSTEE #2 : Name / Phone / E-mail

DAY-TO-DAY CONTACT : Name / Phone / E-mail

IV. PLAN DESIGN

AGE REQUIREMENT: ☐ No age requirement ☐ 18 ☐ 21 ☐ Other, cannot exceed age 21.

SERVICE REQUIREMENT:

☐ 12 months with 1,000 hours of service ☐ No service requirement

OR

☐ 1 month ☐ 6 months

☐ 3 months ☐ 12 months

Hours requirement in addition to longevity requirement
**Cannot exceed 1,000 hours.*

ENTRY DATE: ☐ Immediately ☐ Monthly ☐ Quarterly ☐ Semi-Annually

SPECIAL PARTICIPATION DATE: ☐ YES ☐ NO **Includes all employees who are employed on the plan's effective date*

Required EACA: Eligible Automatic Contribution Arrangement

This will go into effect on your plan's deferral start date.

Initial Auto Contribution Percentage: **3% minimum required*

**There is a required auto-escalation unless initial contribution is 10%. This contribution increase will be 1% annually, capped at 10%. Annual increases will happen on the first day of each plan year.*

Auto Contribution Source: Pre-Tax

All eligible employees without an existing affirmative election will be subject to automatic enrollment.

If an employee intends to opt out, please ensure there is a 0% deferral election on file for them.

Permissible withdrawals will be allowed when requested within 60 days after the first auto deferral.

V. BENEFIT EXCLUSIONS

Would you like to exclude certain classes of employees (please describe)? *Exclusions must be approved by PBS.*

**Union, Non-Resident Aliens and M&A employees are automatically excluded. Tell us if this should be changed.*

VI. CONTRIBUTIONS

When will deferrals begin? ☐ Same as effective date **OR** Requested date ____ / ____ / ____ (Month / Day / Year)

**At PBS's discretion, start date may be set a minimum of 60 days out from the date of document completion.*

☐ **Safe Harbor Election** **Safe Harbor contributions are 100% vested. First plan year must be at least 3 months.*

- ☐ Safe Harbor Match **100% of the first 3% of deferrals, then 50% of the next 2% of employee deferrals. Total contribution 4% of compensation*
- ☐ Enhanced Safe Harbor Match: 100% match up to ____ % of employee deferrals **4% minimum, 6% maximum*
- ☐ QACA Safe Harbor Matching Contribution **100% of the first 1% of deferrals, then 50% of the next 5% of deferrals. Total contribution 3.5% of compensation.*
- ☐ Safe Harbor 3% Non-Elective Employer Contribution to All Eligible Employees
- ☐ QACA Safe Harbor 3% Non-Elective Contribution to All Eligible NHCEs

☐ **Prevailing Wage (Davis Bacon) Contributions**

Vesting of Employer Contributions *(Non-Safe Harbor Contributions)*

**QACA Contributions can be subject to vesting. Vesting Options:*

- ☐ 6 year graded (0, 20, 40, 60, 80, 100)
- ☐ 5 year graded (20, 40, 60, 80, 100)
- ☐ 4 year graded (25, 50, 75, 100)
- ☐ 3 year cliff (0, 0, 100)
- ☐ Full & Immediate
- ☐ *Full & Immediate
- ☐ *2 year cliff (0, 100)
- ☐ *2 year graded (50, 100)

VII. DISTRIBUTIONS

IN-SERVICE DISTRIBUTIONS

Allow Pre-Retirement Distributions? ☐ **AGE 59.5** ☐ **NO**

Hardship Distributions ☐ **YES** ☐ **NO**

**Hardship withdrawals are subject to certain restrictions*

PLAN LOANS

☐ **YES** ☐ **NO**

Default Loan Policy: 2 outstanding loans per participant, interest rate is prime +2%, $1,000 min, $50,000 or 50% of vested balance max. EACA withdrawals must be allowed for employees who were auto-enrolled, later decided not to participate, and would like to back out the contributions within the time frame noted within the EACA options in section IV (30 - 90 days after first withholding).

VIII. ADVISOR & INVESTMENT COMPANY INFORMATION

Advisor Name : **Advisor E-Mail:**

Company :

Address : (Street Address / City / State / ZIP Code)

Phone Number : **Fax Number :**

**Plan documents will be delivered electronically, directly to the trustee email address. If you would also like a hard copy, please let us know.*

Investment Company :

IX. CPA INFORMATION

Name : **E-Mail :**

Company :

Address :

Street Address *City* *State* *ZIP Code*

Phone Number : **Fax Number :**

X. PAYROLL INFORMATION

Name : **E-Mail :**

Company :

Address :

Street Address *City* *State* *ZIP Code*

Phone Number : **Fax Number :**

XI. PLAN CONTACT(S)

Primary Contact Name : **E-Mail :**

Phone Number : **Fax Number :**

Secondary Contact Name : **E-Mail :**

Phone Number : **Fax Number :**

XII. ADDITIONAL NOTES

XII. PLAN SPONSOR AUTHORIZATION

By signing, the following hereby approves the creation of the retirement plan stated herein and authorizes the preparation of all Plan Documents, Schedules, and other forms that are required and necessary. It is further understood that there is a fee for the preparation and filing of said documents, forms, and schedules. Payment of fees are hereby authorized upon delivery to Employer/Plan Sponsor of the prepared documents and itemized billing. In addition, it is understood that changes to this information after the documents are prepared will result in additional fees.

Print Name *Signature Date*

Authorized Signature