

Takeover Checklist

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](#).

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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

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TAKEOVER CHECKLIST



I. PLAN TYPE

PLAN TYPE:

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

YES NO

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?

☐ ☐

Will owners be participating in the plan?

☐ ☐

II. EMPLOYER INFORMATION

Business Legal Name :

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

**Government organizations cannot sponsor a 401(k) plan*

Business Type if an LLC :

of Employees:

Nature of the business :

Fiscal Year End:

Month / Day

Date of Incorporation or date business began: / /
Month Day Year

Does the employer or any potentially related employer currently maintain, or have they previously maintained, another qualified plan besides the current plan?

☐ YES ☐ NO

If yes, list the plan name, type, whether it is active or terminated and the date of termination: **Use section VIII if you need additional space*

** Please note PBS does not prepare combined testing when we are not the TPA for all plans. You are responsible for ensuring all required combined testing is done.*

II. EMPLOYER INFORMATION

Does your plan allow for loans:

☐ YES ☐ NO

**If yes, please provide a copy of your loan provisions*

Additional Adopting Employers:

☐ YES ☐ NO

Name(s) of Adopting Employers:

III. OTHER INFORMATION

TRUSTEE #1:

Name

Phone

E-mail

TRUSTEE #2:

Name

Phone

E-mail

DAY-TO-DAY
CONTACT:

Name

Phone

E-mail

**Please list any additional trustees in the notes section below (section VIII)*

Would you like to make any changes to your plan?

☐ YES ☐ NO

**Any changes need to be discussed and confirmed with PBS to ensure changes are compliant. Please note changes in section VIII along with intended effective date of these changes.*

What is the first year PBS will be responsible for testing and 5500 preparation?

** If your plan documents were signed on or after 12/29/2022 and do not currently have an auto-enroll feature, please notify your PBS sales consultant right away.*

Current Investment Company:

Contract Number:

Will you be changing investment companies during the transition? ☐ YES ☐ NO

New Investment Company (if applicable):

Prior TPA Name :

Prior TPA E-Mail :

Prior TPA Phone# :

IRS Opinion Letter Date :

Serial Number :

IV. INFORMATION REQUEST

Please email **ALL** of the following items to your PBS sales consultant along with this signed form.

The takeover process will begin once we have **ALL** of these items:

☐ Current Retirement Plan Documents, any Amendments & signed Trust Agreement
**Restated documents will be based on what is provided, PBS is not responsible for errors resulting from data not provided*

☐ Most recent annual compliance testing prepared by your prior TPA

☐ Signed TPA change letter on your company letterhead

☐ Loan Policy (if applicable)

☐ Year to date investment activity through the date of transfer

**This is especially important if you are changing investment companies*

BROKERAGE ACCOUNT PLANS:

☐ Signed courtesy copy request letter to Advisor for monthly statements

V. ADVISOR/AGENT INFORMATION

Name : E-Mail :
Company :
Address :
Street Address *City* *State* *ZIP Code*
Phone Number : Fax Number :

VI. CPA INFORMATION

Name : E-Mail :
Company :
Address :
Street Address *City* *State* *ZIP Code*
Phone Number : Fax Number :

VII. PAYROLL INFORMATION

Name : E-Mail :
Company :
Address :
Street Address *City* *State* *ZIP Code*
Phone Number : Fax Number :

VIII. ADDITIONAL NOTES & REQUESTED CHANGES (INCLUDE REQUESTED EFFECTIVE DATES)

IX. PLAN SPONSOR AUTHORIZATION

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 there is a fee for the preparation and filing 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