PLAN REVIEW TRIGGERS: WHY TPAS SHOULD CARE

In 401(k) administration, a plan review is often most valuable when the employer's business changes, even if the plan document itself has not. A plan that worked well last year can drift out of alignment when ownership, payroll, compensation, or workforce patterns shift. Periodic reviews help TPAs catch issues before they become failed testing, correction projects, or participant problems.

A Few Triggers to Consider

Ownership changes. New owners, equity grants, family ownership changes, and entity-level changes are great reasons for a plan review. For example:

- Ownership and entity changes can affect who is an HCE or key employee. Ownership attribution rules make this easy to miss without a plan review.
- When corporate structures change, controlled group or affiliated service group rules may require related employers to be considered together. That can affect coverage, limits, and testing, and may require looking at more than one plan at the same time.
- Mergers, acquisitions, and divestitures are classic review triggers, often affecting both the employee census and the group of related employers. Transition rules can help with testing, but only if understood and properly applied.

Significant pay changes. Deferrals, match, and other plan contributions and allocations must follow the plan's compensation definition, but often new bonuses, commissions, or other new types of compensation are added without being coded as plan compensation. This can create definition of compensation mistakes and change testing outcomes.

Hiring shifts. Plan errors are easy to make in times of rapid growth, high turnover, and when moving from owner-only coverage to covering a broader workforce.

Payroll or administration changes. A new payroll vendor, separate payrolls by entity, new pay codes, or process changes are strong reasons to review how a plan is actually being administered.

Why TPAs Should Care

Failure to follow plan terms, definition of compensation mistakes, matching contribution errors, and failed ADP/ACP testing are common 401(k) problems, often caused by missing changes in company structure or operations. A timely plan review can catch these issues while they are still small, often before year-end testing, corrections, or participant complaints force the issue.

How TPAs Can Help

TPAs can build plan-review triggers into annual questionnaires and mid-year check-ins. For example, ask whether there were ownership changes, new entities, acquisitions, payroll changes, unusual bonus programs, or major workforce shifts. If the answer is yes, compare plan terms to actual operations, confirm the compensation definition is being applied properly, and revisit whether the current plan design still fits the client's workforce and goals. Your proactive review process can help clients avoid avoidable compliance problems and keep the plan working as intended.

UPCOMING DEADLINES:

• **May 15, 2026**: Quarterly benefit statements for participant-directed individual account plans are generally furnished by this date for the quarter ended March 31.

• **May 15, 2026**: For participant-directed individual account plans subject to ERISA §404a-5, quarterly statements of actual administrative and individual charges to participant accounts, with related service descriptions, must be furnished at least quarterly and are often provided with the quarterly benefit statement.

CONTRIBUTION TIMELINESS: WHY ADVISORS SHOULD CARE

In retirement plan administration, contribution timeliness is foundational work that protects participant savings and shields sponsors from liability. Contribution timeliness is important for both employee deferrals and employer contributions, including matching and nonelective contributions.

The Rules at a Glance

Employee Elective Deferrals and Loan Repayments. Elective deferrals and loan repayments become plan assets on the earliest day they can reasonably be segregated from employer assets. They must be deposited as soon as administratively feasible, but never later than the 15th business day of the following month. Plans with fewer than 100 participants at the beginning of a plan year have a seven-business-day safe harbor. A facts and circumstances rule applies to larger plans (often 1-5 business days). Late deposits are prohibited transactions requiring correction with lost earnings, Form 5330 excise tax (generally 15% of the amount involved for each year, with a potential additional excise tax if not timely corrected), Schedule H reporting, and often VFCP correction.

Employer Contributions (Match and Nonelective). Key deadlines for taxable employers include:

- Tax deductibility (Section 404). Deposit by the employer's tax-return due date, including extensions.
- Annual additions limit (Section 415). To count for the prior limitation year, contributions generally must be allocated/credited to the prior year under the plan's terms and actually made no later than 30 days after the tax-return due date with extensions.
- Plan document & safe harbor rules. Plan documents may require specific timing (e.g., matching contributions contributed each payroll or true-ups by a set date). Safe harbor nonelective contributions must usually be funded by the last day of the following plan year.

Why Advisors Should Care

Contribution delays risk qualification failures, prohibited transaction issues, and fiduciary breach claims. Advisors can add value by helping ensure contributions are timely made, thus helping plan sponsors avoid costs, compliance issues, and participant complaints.

How Advisors Can Help

- Provide plan sponsor education regarding contribution deadlines and best practices.
- Provide a year-end checklist to help clients remember the timing rules.
- If errors occur, guide clients through VFCP for deferral issues and EPCRS for employer-side operational failures, with full documentation.

Your proactive guidance on contribution timing can help plans stay compliant, and sponsors and participants happy.

REMINDERS:
• **April 1, 2026**: Deadline for first required minimum distributions for participants with a 2026 required beginning date.
• **April 15, 2026**: Deadline for corrective distribution for 2025 excess elective deferrals under Section 402(g).
• **April 15, 2026**: Deadline for employer contributions to be eligible for prior-year deductibility if the employer's tax return due date is April 15 and no extension is used.
• **April 30, 2026**: Annual Funding Notice deadline for many defined benefit plans.