

401(k) Plan Notices and Compliance Activities Calendar

Properly administering 401(k) plans is complex and requires compliance with numerous regulations to maintain their tax-qualified status. One essential compliance requirement is to deliver legally required notices to all participants so that they can make informed decisions about participating in their plan and the completion of certain ongoing compliance activities. The following is a schedule of these required compliance notices and activities, assuming a plan year beginning January 1.

JANUARY

January 15 - Participant Benefit Statements

Quarterly benefit statements are delivered to participants within 45 days following the end of each calendar quarter. These quarterly statements must be provided to participants, beneficiaries, and alternate payees (e.g., former spouses of plan participants who have a Qualified Domestic Relations Order that entitles them to part of the account).

Annual Data Collection for Annual Testing and Calculations

In early January, Vestwell kicks off its annual process of collecting year-end information from Plan Sponsors, such as workforce demographics as of December 31 and other annual information. You can read more about this process on our [Help Center](#).

Compliance Testing, True-Up, and Profit-Sharing Calculations

All tax-qualified plans are required to undergo a series of compliance tests to confirm that plan benefits are being provided to a fair cross-section of Highly and non-Highly Compensated Employees (“HCEs”). Depending on the plan features, the Plan Sponsor may also be required to contribute a profit-sharing contribution or additional employer match for certain employees. Vestwell uses the data provided by the Plan Sponsor during our annual questionnaire process described above. We complete these tests and calculations before Plan Sponsors file their annual tax returns.

FEBRUARY

Form 1099-R

Participants who received a distribution from the plan during the prior plan year will receive a notice of the tax withholdings from that distribution by the end of February.

MARCH

March 15 - Employer Contributions

Depending on the plan features, the Plan Sponsor may wish or be required to make a contribution to the plan by March 15 each year so that it can take those contributions as a deduction on its corporate tax returns. In general, if the Plan Sponsor wishes to deduct any plan contributions, the contribution must be deposited no later than 30 days following the due date (with extensions) of its tax return. However, there may be an exception to this for safe harbor contributions, which may be due by December 31 following the plan year to which it relates.

March 15 - Corrective Distributions

Distributions owed to participants because of a failed ADP or ACP test must be issued by March 15 to avoid an additional 10% excise tax penalty.

APRIL

April 1 - Required Minimum Distributions (RMDs)

Terminated vested participants or participants who own more than 5% of the business who attained age 72 in the prior year and have not commenced distributions must start taking a RMD from the plan by April 1 of the following year and by December 31 for each subsequent year.

April 15 - Participant Benefit Statements for the First Quarter of the Year

Distribute Excess Deferrals from Prior Plan Year

The plan must distribute deferrals in excess of Section 402(g) limit. Participants who turned age 50 during the plan year may be able to reclassify some excess deferrals as catch-up contributions.

JULY

July 31 - Form 5500

The plan's Annual Report must be filed with the Department of Labor. The filing requirements vary with the type and size of the plan. Large plans must also file an [independent audit report](#) with Form 5500. If your Annual Return is not ready by July 31, Vestwell files Form 5558 to obtain an automatic extension of time to file the Form 5500 by October 15.

Form 5330

If the plan had [late contributions](#) during the prior year, Vestwell discloses them to the Internal Revenue Service on [Form 5330](#). Payment of any applicable excise taxes for late contributions is also due by July 31.

Distribution of Additional Notices to Participants

Vestwell delivers a Summary of Material Modifications describing amendments made during the prior plan year. Vestwell also provides terminated participants with vested benefits Form 8955.

SEPTEMBER

September 15 - Corrections for Certain Compliance Test Failures

If a plan fails the minimum coverage test and must correct it by retroactively amending the plan to increase benefits, the associated contributions must be made by September 15. This deadline only applies to the correction of this test. In general, it does not change the deposit deadlines for other purposes, such as the deductibility of employer contributions mentioned above. Additionally, Top-Heavy minimum contributions are due.

September 30 - Summary Annual Report (SAR)

Vestwell delivers the SAR by September 30.

OCTOBER

October 15 - Participant Quarterly Benefit Statements

Plan Amendment Deadline to Correct Certain Compliance Testing Failures

If the plan fails minimum coverage, nondiscrimination, and/or compensation requirements for the prior plan year, Plan Sponsors may be able to adopt a retroactive plan amendment to correct the failure. The amendment must be executed by October 15.

DECEMBER

December 1 - Safe Harbor Notice

If the plan intends to be treated as a Safe Harbor Plan for the following plan year, a set of notices must be provided to all eligible employees and participants 30-90 days before the start of the next plan year. These notices include a description of safe harbor matching or safe harbor non-elective employer contribution formula, how and when to make deferral elections, any automatic contribution arrangement, and other required information. In addition, Plan Sponsors may supply "contingent" notice of a possible 3% Qualified Non-Elective Contribution for the year, preserving the right to adopt such a safe harbor design during the following plan year. Safe Harbor Plans that issued a contingent notice at the beginning of the year must state whether the contribution will be made for the current year.

Qualified Default Investment Alternative ("QDIA") Notice

If the plan will be offering a default investment option to participants, notices describing those investments must be provided to all participants and eligible employees 30-90 days before the start of the plan year. The notice describes the participant's right to direct investments and how accounts will be invested in the absence of participant direction.

Notices for Automatic Enrollment Plans

All eligible employees must receive a notice describing their rights and obligations under a 401(k) plan with an automatic enrollment arrangement, including instructions about how to opt out of enrollment or elect a different deferral percentage.

December 31 - Corrections for Failed Compliance Tests

If a plan fails its annual compliance tests, Vestwell will provide a compliance testing package to the Plan Sponsor with the available correction options needed to bring the plan in compliance with applicable regulations. Depending on the nature of the test failure, refunds may need to be given to HCEs, or additional contributions may need to be made for non-HCEs. Additionally, the plan may be subject to excise taxes or other penalties from a prior year compliance failure that remains uncorrected. Some testing-related contributions need to be deposited by December 31.

Discretionary and Safe Harbor Plan Amendments

Plan Sponsors may amend the plan to reflect certain discretionary changes implemented during the plan year. A Plan Sponsor who wants to amend the plan to add or remove a safe harbor design for the following plan year must amend the plan by December 31. Some exceptions and special rules apply, and the Vestwell Compliance Team will provide more information to Plan Sponsors interested in these amendments.

Other Annual Notices

Participants will receive a Summary Plan Description, fee disclosure, and other legally required notices annually by December 31 each year.

In addition to the activities listed above, every tax-qualified plan has additional compliance requirements that must be satisfied on an ongoing basis throughout the plan year as participants enter and exit the plan or other events.

Welcome Package

When employees satisfy your plan's eligibility rules, Vestwell provides them with various notices describing the plan features, the service providers to the plan, plan fees, and other information. Depending on the plan's features, the welcome package will also include an automatic enrollment notice, QDIA Notice, Safe Harbor Notice, as well as instructions about how to register for a Vestwell account and make their investment selections.

Blackout Notice

Existing retirement plans being converted to the Vestwell Platform may require the imposition of a "blackout period" when certain plan activities are suspended to allow for an orderly transfer of assets and records to Vestwell. Vestwell provides advance notice of the blackout period.

Deposit of Employee Deferral Contributions

Plan sponsors must deposit employee contributions as soon as administratively possible, including deferrals, loan repayments, or after-tax contributions taken from employees' compensation. Late deposits can have a significant impact on the plan, which you can read about [here](#).

Plan Documents

Copies of plan documents and notices are stored in all participant and sponsor portals, where they are available at any time.

Participants Separating from Service

Participants who are retiring or otherwise terminating their employment are entitled to receive various notices explaining their options to keep their vested balance in the plan or roll it over to another qualified plan.

Vestwell is not a law firm, nor is it a tax advisor. We cannot and do not provide legal or tax advice. We are including some information about plan notices and annual compliance activities for general education purposes, but we recommend that you consult with your own legal and/or tax advisor.