

# NUTS! I MISSED THE DEADLINE... OR DID I?



2021

2022

For many years, December 31st was a date of great importance for everyone working with retirement plans. If an employer operating on a calendar year basis wanted to take a deduction for contributions made to a new retirement plan the documents establishing the plan had to be signed by midnight New Year's Eve.

The closer the deadline came, the busier pension professionals got churning out plan documents in the hope that their clients would sign them in time.

Employers who missed the deadline were out of luck. Sorry Charlie. Wait 'til next year.

## **Then came the SECURE Act of 2019.**

The SECURE Act changed the deadline to adopt a stock bonus, profit sharing or pension plan to the **due date of the employer's tax return including extensions.**

This is a real boon to employers who are thinking about adopting a plan but may be on the fence because they aren't certain how their year is going to turn out. Now they can wait until they have closed their books for the year and see whether it would be advantageous to adopt a plan.

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So, if you have clients who aren't certain whether they want to adopt a plan for 2021 the game isn't over. There is still time. Now the plan adoption deadline will vary depending on how the business is organized:

Form of Business Organization	Tax Return Deadline
Sole Proprietorship	April 15*
Partnership	March 15
S Corporation	March 15
C Corporation	April 15*
LLC Taxed as Sole Proprietorship	April 15*
LLC Taxed as Partnership	March 15
LLC Taxed as S Corporation	March 15

\*The April 15 filing deadline for 2021 tax returns has been extended to April 18, 2022 due to the Emancipation Day holiday in Washington, D.C..

Extended due dates could be in September or October for a calendar year plan.

We require that plan installation materials be in our hands two weeks before the plan adoption deadline.

**IMPORTANT EXCEPTION:** The extended plan adoption deadlines do NOT apply to 401(k) plans.

## Why?

Because in order for someone to make a valid 401(k) salary deferral contribution for any given year, there must first be a 401(k) plan in place to accept the contribution. Once compensation has been paid to someone in cash it can no longer be deferred. So, trying to set up a 401(k) plan after the close of the year will not work.

**If you have any questions about the extended plan adoption deadlines, please contact Pension Sales at (888) 909-6504, option 1.**

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