

401(k) Plan Deadlines

Summertime Fun



Do you remember the 1958 hit single *Summertime*, *Summertime* by The Jamies? It makes you think about days at the beach, backyard cookouts and 401(k) plan adoption deadlines! While the general deadline for adoption of a 401(k) plan for calendar year taxpayers is 12/31/2023 some deadlines occur earlier for certain types of plans and have changed for others.

Safe Harbor 401(k) Plan

The first plan year of a safe harbor 401(k) plan must allow for at least three months of salary deferrals. For a calendar year plan that means the plan must be up and running by 10/01/2023.

Since American National generally requires a two-to-four week lead time between receipt of all plan set-up documents and the first submission of 401(k) deferrals, we will need to receive the completed plan installation paperwork **in good order no later than 09/01/2023** to establish a 2023 safe harbor 401(k) plan.

As of 09/01/2023, all new safe harbor 401(k) proposals you receive from us will be based on a 2024 plan year.

401(k) Takeover Plan

Any calendar year 401(k) takeover plan for 2023 must be wrapped up and in our Retirement Services department by **09/30/2023**. After that date takeovers will be for the 2024 plan year.

Proposals for takeover 401(k) plans will change from 2023 to 2024 on 09/01/2023.

Conversions

A special deadline also exists for takeover 401(k) plans we're converting to matching safe harbor 401(k) plans for 2024. The American National adoption agreement including the safe harbor match must be executed by 12/01/2023, and a safe harbor notice must be distributed to each eligible employee between 10/01/2023 and 12/01/2023.

Failure to meet either of these deadlines won't prohibit us from taking over the plan for 2024, but it will mean waiting another year to make the conversion to a matching safe harbor 401(k) plan.

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SIMPLE IRA

If you have a client who currently maintains a SIMPLE IRA and wants to switch to another type of plan for 2024 generally the client must terminate the SIMPLE IRA no later than 12/31/2023.

Plan termination notices must be distributed to participants in a terminating SIMPLE IRA and the financial institution handling the IRAs no later than **11/02/2023**.

Employers who fail to distribute the termination notices on a timely basis will be required to maintain the SIMPLE IRA for another year and cannot adopt another type of plan until 2025.

NOTE: Beginning in 2024 employers who sponsor SIMPLE IRAS will be permitted to switch to a safe harbor 401(k) plan mid-year subject to special contribution limitations for the year of the change.

So please be aware of the above deadlines as you relax on the beach or burn those hot dogs and be particularly aware of the September deadline for safe harbor 401(k) plans.

If you have questions, contact Pension Sales at 1-888-909-6504 or pensionproposals@americannational.com

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