



2020 Changes under SECURE ACT

March 2020



The **SECURE Act** was signed into law in December 2019 and made many changes that may affect your retirement plans.

This is the **first article** in a series to address the changes. This article explains some key provisions that are **effective in 2020**.

Late Form 5500 Filings

The penalties for not filing a Form 5500 have increased to **\$250 for each day** that the form is late (up from \$25 per day). A Form 5500 is required for all types of qualified retirement plans, certain 403(b) plans, and certain health and welfare plans. The due date for filing the Form 5500 is the last day of the 7th month following the end of the plan year (July 31 for calendar year plan years), unless an extension is filed. Then it is due by the end of the extension period (October 15 for calendar year plan years).

Required Minimum Distributions

The age when distributions under a qualified retirement plan must begin has increased to age 72. Currently, under a qualified retirement plan, a participant must begin receiving distributions by the later of age 70½ or termination of employment (except more than 5% owners who must begin by age 70½). Under the SECURE Act, any participant who attains age 70½ after December 31, 2019, will not be required to begin receiving distributions until the later of age 72 or termination of employment (except more than 5% owners who must begin by age 72).

Elimination of Some Safe Harbor Notices

If a 401(k) plan provides for a safe harbor 3% non-elective contribution to avoid certain nondiscrimination tests, currently, the plan sponsor must provide a notice to employees at least 30 days before the beginning of each plan year. Under the SECURE Act, this employee notice will no longer be required for plan years beginning on or after January 1, 2020. For calendar year plans this means the notice, which would normally be sent out in the fourth quarter of 2020, will not be required. For non-calendar year plans, this means that no notice will be required at any time in 2020.

CAUTION: If the 401(k) plan uses a matching contribution to avoid the nondiscrimination tests, or the plan provides for a matching contribution in addition to

the safe harbor 3% non-elective contribution, the employee notice is still required.

Relief for Frozen Defined Benefit Plans

If certain conditions are met, a defined benefit plan that has been frozen with respect to participation or with respect to benefit accruals, is relieved from the non-discrimination tests, including the minimum participation test.

Amendments for the SECURE Act

Keep in mind that plans do not need to be amended for changes under the SECURE Act until the last day of the plan year beginning on or after January 1, 2022 (or 2024 for governmental plans).

If you have questions or would like to make changes
to your plan before 2020,
please contact your Analyst at 336.271.4450 or
recordkeeping@stanleybenefits.com.

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