

2023 Employer Retirement Plan Guide



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IRAs & Roth IRA Contributions

Employer Sponsored Retirement Plans

Secure Act

IRA Contributions

	2022	2023
Traditional & Roth	\$6,000	\$6,500
Catch-up Contribution (Age 50 and older)	\$1,000	\$1,000

Traditional IRA Deduction Phase Outs

Active participants (active participant in a qualified plan)

	2022	2023
Single or Head of HH	\$68,000-\$78,000	\$73,000-\$83,000
MFJ	\$109,000-\$129,000	\$116,000 - \$136,000
MFS	\$0-\$10,000	\$0-\$10,000

Non-active participants - full contribution is deductible (if married, neither spouse active)

Spousal contributions - If one spouse is an active participant, deductibility for non-active spouse phases out: \$218,000- \$228,000

Retirement Plan Contribution Limits

	2022	2023
401k, 403b, 457 Salary Deferral	\$20,500	\$22,500
Defined Contribution Plan Limit	\$61,000	\$66,000
SEP IRA	\$61,000	\$66,000
Simple IRA	\$14,000	\$15,500

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Retirement Plan Tax Credit Limits

Tax Credit	Married Filing Jointly	Head of Household	All Other Filers
50% of your contribution	AGI ≤ \$43,500	AGI ≤ \$32,625	AGI ≤ \$21,750
20% of your contribution	\$43,501 - \$47,500	\$32,626 - \$35,625	\$21,751 - \$23,750
10% of your contribution	\$47,501 - \$73,000	\$35,626 - \$54,750	\$23,751 - \$36,500
0% of your contribution	more than \$73,000	more than \$54,750	more than \$36,750

Employer Retirement Plans

	2022	2023
Elective Deferrals 401k, 403b, 457	\$20,500	\$22,500
Catch-Up 401(k), 403(b), 457 (Age 50 & older)	\$6,500	\$7,500
Highly Compensated Employee	\$135,000	\$150,000
Maximum Includable Compensation	\$305,000	\$330,000
Annual Benefit Limit	\$245,000	\$265,000
Defined Contribution Plan Limit	\$61,000	\$66,000
SEP Minimum Earnings Limit	\$650	\$750
SEP IRA Annual Addition Limit	\$61,000	\$66,000
Simple IRA Limit	\$14,000	\$15,500
Simple IRA Catch-up	\$3,000	\$3,500

Exceptions to the 10% penalty for distributions prior to age 59 1/2

	NQ Annuity	Qual Plans	IRAs
Death	X	X	X
Disability	X	X	X
SEPP 72(t)	X	X	X
Medical Expenses (>7.5% AGI)		X	X
Birth or Adoption of Child		X	X
Age 55 & Separated From Service/QRDO		X	
College Expenses			X
Health Ins. Prem. For Unemployed			X
Qual. 1st Time Homebuyer/Reservist			X

Named Fiduciaries

Under ERISA, a plan must name at least one fiduciary or provide a procedure for identifying a named fiduciary. Named fiduciaries usually include the plan sponsor, the plan trustee, and the plan administrator.

- Almost always a fiduciary
 - Oversees all the other fiduciaries
 - Duty to monitor the other fiduciaries & replace them if they are failing to do their responsibilities under ERISA
 - Prudently selects & monitors plan investments
- Plan Sponsor**
- Ensures that expenses paid by the trust are reasonable
 - Holds fiduciary liability & is overseen by the Plan Sponsor
- Plan Trustee**
- Responsible for overseeing plan operations
 - Can be a single person or consist of a retirement plan committee
 - Has fiduciary duties, liabilities & is overseen by the Plan Sponsor
- Plan Administrator**

Fiduciary Service Providers

Named fiduciaries hire service providers to serve as plan fiduciaries for specific functions. This helps mitigate some of the liability. Fiduciary Service Providers fall under three categories:

- Shared fiduciary liability between the client & advisor for the plan investments
- 3(21) Co-Fiduciary**
- Recommends the selection & replacement of plan investment options, plan sponsor must approve changes
 - For plan sponsors that are comfortable assuming investment fiduciary liability
- 3(38) Investment Fiduciary**
- Majority of investment responsibilities are lifted from the plan sponsor & assumed by the 3(38) advisor
 - Advisor has discretion over the investment selection, monitoring & replacement of plan investment options
 - For plan sponsors that don't have the time or want the responsibility of the plan's investments
 - Signs the annual form 5500
- 3(16) Plan Administrator**
- Manages the day to day operations of the plan
 - Majority of fiduciary tasks & plan communications are their responsibility
 - 58 Plan Administrator Responsibilities

Multiple Employer Plan 401(k) (MEP)

- Single 401(k) plan, adopted by a number of unrelated employers
- Considered a single plan under both IRS Tax Code & ERISA
- Single 5500 filed for plan

Advantages of an MEP

- Reduced administrative work for employer
- Access to features typically only offered in larger company plans
- Lower fees via shared resources & economy of scale

Advantages of an MEP (Cont.)

- Employee keeps more of their retirement savings
- Retirement savings can grow quicker
- Reduced fiduciary liability for employer
- Allows company to focus on their core business

58 Plan Fiduciary Responsibilities

1. Investment Manager Appointment
 2. 402(g) Limit Reporting
 3. 404(a)(5) Notice Distribution
 4. 404(c) Notice Distribution
 5. 408(b)(2) Notice Distribution
 6. Discrimination/Coverage Testing
 7. Fee Negotiations with Vendors
 8. Audit Completion Support
 9. Audit Firm Hiring & Monitoring
 10. Auto Enroll Notice Distribution
 11. Beneficiary Designation Maint.
 12. Beneficiary Determinations
 13. Blackout Notice Distribution
 14. Census Review
 15. Corrective Distributions
 16. Harship Withdrawal Approval
 17. Loan Approval & Reporting
 18. Loan Default Monitoring
 19. Loan Policy Administration
 20. Lost Earnings Calculations
 21. Assist Participant Enrollment
 22. Payroll Aggregation
 23. Payroll File Aggregation
 24. Plan Design Review
 25. Plan Document Interpretation
 26. Plan Document Prep & Archiving
 27. Plan Irregularity Notification
 28. QDIA Notice Distribution
 29. QDRO Review & Reporting
 30. Quarterly Investment Review
 31. Death Benefit Approval
 32. Distribution Reporting
 33. DOL & IRS Issue Resolution
 34. Eligibility Calculations
 35. Eligibility Notifications
 36. Employer Contribution Monitoring
 37. ERISA Bond Review
 38. Error Correction Monitoring
 39. Fiduciary Ins. Coverage Review
 40. Force Out Processing
 41. Form 5330 Preparation
 42. Prep, Sign & File Form 5500
 43. Prep, Sign, & File Form 8955
 44. Fund Change Notice Distribution
 45. Monitor & REport Rate Changes
 46. Required Minimum Distributions
 47. Safe Harbor Notice Distribution
 48. SAR Production & Distribution
 49. SMM Notice Distribution
 50. SPD Production & Distribution
 51. Spousal Consent Approvals
 52. Termination Date Verification
 53. Termination Date Maintenance
 54. Approve Termination Withdrawal
 55. Trustee Duties
 56. Vesting Verification & Tracking
 - 57. *Upload Payroll Files**
 - 58. *Collect/Review Yr. End Data**
- *Tasks that may be completed by the current payroll company.**

Secure Act

Startup Plan Tax Credit \$5,000 / year for 3 years

New Auto Enrollment Tax Credit \$500 / year for 3 years

IRS Filing Penalties

\$25 per day penalty for filing Form 5500 late or materially incomplete. Max penalty of \$150k per plan year.

Part-time Retirement Plan Access

Beg. 2021, employees with at least 500hrs./week over previous 2 years will be eligible to participate in 401(k) plans.

Auto-Enrollment Cap

6% of employee annual earnings in first year. Up to 10% in 5th year of participation and thereafter.

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