



PENSION STRATEGIES

QUALIFIED PLAN DESIGN & ADMINISTRATION

Strategic Update: Ideas, news and tips from Pension Strategies
September 2016

In this issue:

1. [Late Deposits](#)
2. [New Plan Tax Credits](#)
3. [Upcoming Deadlines](#)
4. [Pension Strategies News](#)



Late Deposits Cause Big Headaches

Late 401(k) deposits are the most frequently seen problem at Pension Strategies. The Department of Labor takes late deposits very seriously. Plan sponsors are generally required to deposit employee contributions within seven business days, but we have seen auditors apply an even stricter standard. If you deposit tax withholding sooner than seven days, it stands to reason you can make 401(k) deposits sooner as well.

Our advice - establish procedures to deposit no more than three days after your pay date or even sooner if you are a daily tax depositor. In order to self-correct you must:

1. Disclose on the Form 5500 that you have late deposits AND
2. Calculate lost earnings and make the participants whole AND
3. File a Form 5330 excise tax return and pay excise taxes on the lost earnings

While we are happy to help you with the calculations and forms to make the corrections, we strongly recommend you make your contributions timely and avoid the whole situation.

Alert: Remember \$1,500 New Plan Tax Credit

Pension Strategies continues to experience tremendous growth in the number of new plans established each year. If you started a new plan in the last three years, remind your CPA to see if you qualify for a tax credit. The credit is up to 50% of the cost to set up and administer your plan, with a maximum of \$500 for the first three years. There are a few rules such as you must have 100 employees or fewer and have a least one non-highly compensated participant. Your CPA can use Form 8881 Credit for Small Employer Pension Plan Startup Costs.

Upcoming Deadlines

September 15, 2016

Funding deadline for calendar year plans.

October 1, 2016

Deadline to establish a new Safe Harbor 401(k) Plan for 2016.

October 17, 2016

Form 5500 filing deadline for calendar year plans.

Pension Strategies News



Pension Strategies staff loves to give back to the community. This month we provided much needed school supplies, clothing items, and toys to the children at Camelview Elementary School. As math geeks ourselves, we love to help kids get excited about learning!

[Learn more about Pension Strategies](#)

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

Sincerely,
Jack Lawless, CPA, APM
Pam Johnson, QPA, CPC
Jill Hastings, JD
David Schattenberg, APA, Managing Director
Mallory Young, Senior Consultant
And the entire Pension Strategies team

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