2018 REGULATORY BRIEFS

Important Limits	2015	2016	2017	2018
IRC § 402(g) calendar year limit on 401(k), 403(b), and 457 elective deferrals.	$18,000	$18,000	$18,000	$18,500
Catch-up deferral limit on 401(k), 403(b), and 457, age 50 or older.	$6,000	$6,000	$6,000	$6,000
SIMPLE 401(k)/IRA calendar year limit.	$12,500	$12,500	$12,500	$12,500
SIMPLE catch-up contribution limit.	$3,000	$3,000	$3,000	$3,000
Annual limit on compensation.	$265,000	$265,000	$270,000	$275,000
Highly compensated employee, over 5% owner or compensation over:	$115,000 in 2014	$120,000 in 2015	$120,000 in 2016	$120,000 in 2017
Key employee, over 5% owner, over 1% owner >$150,000 or officer over:	$170,000	$170,000	$175,000	$175,000
Limit on annual contributions to a defined contribution plan.	$53,000	$53,000	$54,000	$55,000
Social security wage base.	$118,500	$118,500	$127,200	$128,400

For off-calendar plan year ends, the deferral limits are based on the calendar year limits as noted above. The compensation limit is based on the calendar year in which the plan year begins (e.g. for a 10.01.2016 - 09.30.2017 PYE, the 2016 limit of $265,000 is used).

Return of Excess*	Description	Due Date
Excess Deferral Elective Deferrals in excess of calendar year limit.	▪ If distributed by April 15 following the year the excess is realized, the excess deferral is included in income in the year of deferral. The corresponding earnings are included in income in the year of distribution. ▪ If not distributed by April 15, excess deferrals will be taxed twice–once in the year of deferral and once in the year of distribution.	April 15
Excess Contribution 401(k) contributions that fail ADP test.	▪ The contributions and earnings that are returned will be taxed in the year of distribution. Employers are subject to a 10% excise tax on the refund if the excess contributions are returned more than 2½ months after the end of the plan year. ▪ Must be corrected by the end of the next plan year.	March 15 (for calendar-year plans)
Excess Aggregate Contribution 401(m) contributions that fail ACP test.	▪ The contributions and earnings that are returned will be taxed in the year of distribution. Employers are subject to a 10% excise tax on the refund if the excess contributions are returned more than 2½ months after the end of the plan year. ▪ Must be corrected by the end of the next plan.	March 15 (for calendar-year plans)
Excess Annual Addition Limit on annual contributions to plan.	▪ If excess amount is due to the allocation of forfeitures, a reasonable error in estimating compensation or determining the maximum salary deferral may be corrected in accordance with the terms of the plan document, generally by the end of the following limitation year.	Generally December 31 for plans with calendar-year limitation year.
Correction Programs	▪ EPCRS (Employee Plans Compliance Resolution System) - IRS program that provides specified correction methods for failures. ▪ VFCP (Voluntary Fiduciary Correction Program) - DoL program designed to allow plans to avoid potential ERISA civil actions or penalties.	Timing varies based on type of qualification failure.

*If excess contributions are not corrected, a disqualification condition may exist.

Plan Requirements	Description	Due Date
Calculation of Matching Contributions	The terms of your plan control whether matching contributions are calculated on a payroll or annual basis. If matching contributions are calculated on a payroll basis, participants must spread their salary deferrals over the entire plan year to receive the maximum matching contribution. If the plan annualizes the match, timing of deferrals is not important. For example: Assume the match is 50% on the first 6% of employee deferrals, the participant's annual salary is $100,000, and he/she defers $6,000 by mid-year and then stops. If the match is made on a payroll basis, it would be $1,500 (50% x 6% x $50,000). In contrast, if the match is annualized, it would be $3,000 (50% x 6% x $100,000).	Throughout plan year.
Deposit of Employee Deferrals and Loan Payments	The Department of Labor (DoL) requires employers to submit employee deferrals (pre-tax, after- tax, and Roth) to the plan as soon as administratively feasible. Plans of less than 100 participants at the beginning of the year must transmit deferrals and loan payments by the seventh business day following the payroll date. All others must submit contributions as soon as possible, following payroll. The DoL takes an aggressive enforcement approach on this issue.	No later than 7^{th} business day for plans with less than 100 participants. All others as soon as possible.
Form 5500	Due at the end of the seventh month after plan year end. A two and a half month extension can be obtained by filing Form 5558 before the due date for Form 5500. Extension also may be granted until due date of employer's federal tax return. For a short plan year, file Form and applicable Schedules by last day of the seventh month after short plan year ends.	July 31 for calendar-year plans (October 15 with an extension).
Military Leave	Employees who are, or have been, on military leave have rights regarding retirement benefits. With regard to the retirement plan, an employer must credit a returning veteran with any employer contribution they would have received and the employee must be given the opportunity to make up any salary deferral contributions. If the employee makes up salary deferrals then any matching contribution must be credited to them.	Each time a participant returns from military leave.
Participant Forms	Since forms change frequently, the most current version of any form should be printed from the Retrieve Files option in Plan Gateway at alerusrb.com. Discard any printed forms you may have. It is good practice to remind employees to periodically review beneficiary elections, particularly if they have had a family status change. The employer maintains beneficiary forms for all participants.	Each time a form is given to a participant.
Summary Annual Report	Summary of Form 5500 that includes a basic financial statement of the plan.	Two months after Form 5500 is due.
Summary Plan Description (SPD)	Plan description required to be delivered to all participants and beneficiaries. If you have employees who do not read English, attach the following statement to the SPD in employee's native language. "This booklet contains a summary in English of your plan rights and benefits under {Plan Name}. If you have difficulty understanding any part of this booklet, contact {Name}, the plan administrator, at {address}. Office hours are from {Time} A.M. to {Time} P.M. Monday through Friday. You may also call the plan administrator's office at {Phone Number} for assistance."	Within 90 days after individual becomes a participant or beneficiary.
Summary of Material Modification	Description of changes to the information contained in the Summary Plan Description, as well as any material modification to the plan.	210 days after plan year change was made.