

## **Q & A – CHANGES RELATED TO EMPLOYER CONTRIBUTIONS**

### **Q1. HAS THE IRS EXTENDED THE DEADLINE FOR 2019 EMPLOYER CONTRIBUTIONS?**

**A1.** Not exactly, but effectively yes, as there is an extension of the corporate tax return due dates which has the effect of extending your contribution due date. As a reminder, employer contributions must be made prior to the filing of the corporate tax return.

### **Q2. WHAT ARE MY OPTIONS FOR CUTTING EXPENSES RELATIVE TO OUR EMPLOYER MATCH?**

**A2.** If you are depositing your match with each payroll and you want to delay funding, you may defer these contributions until your extended tax return, as noted in Q1. But note that some plans may require an amendment to accommodate this change.

### **Q3. WHAT IF OUR PLAN OFFERS A SAFE HARBOR MATCH?**

**A3.** There are a couple of options:

- Delay current funding of your contributions without eliminating them. You will be liable for making these contributions by the deadlines discussed in Q1. But note that as described in Q2, some plans may require an amendment to accommodate this change.
- Elect to end the plan's safe harbor status, but certain requirements come with this decision:
  - Must provide a formal 30-day notice to employees.
  - Required to fund the contributions for the year through the end of the 30-day notification period.
  - Plan will be subject to discrimination testing for the year, which may result in refunds to Highly Compensated Employees (HCEs) if the plan fails testing.
  - Can elect to be a safe harbor plan for 2021 if employees are notified by December 1, 2020.
  - Plan may be subject to top-heavy minimum contributions.

Before deciding, keep in mind that your liability may already be decreasing for matching contributions as we have seen participants electing to decrease 401(k) deferrals in the last week or so.

Please contact your Miller Cooper representative if you have any questions.