

The PRS Report

VOLUME 35,
ISSUE 1

OCTOBER
2026

INSIDE THIS ISSUE:

- YEAR-END REMINDERS
- IMPORTANT DEADLINES

CLIENT REFERRAL PROGRAM:

If a client you recommend to us becomes our client, you can receive a 10% discount on annual services for every year they remain a client



Year-End Reminders and Important Deadlines...

Our annual list of year-end reminders and important deadlines follows. Contact us if you have any questions regarding any of the items listed. Many of the dates refer to calendar-year plans and adjustments may be necessary for non-calendar year plans.

Year-End Reminders



ITEM	DISCUSSION
New Plans 	Now is the time to launch discussions on available options for new pension plans for 2026 and 2027. For a new plan to be effective for a particular tax year, it must be adopted by the business tax filing deadline for that year. Employers who adopt a new plan with at least one non-highly compensated participant may be able to take credits on their tax returns to defray some (sometimes even a large chunk) of the costs new plans incur, including employer contributions to profit sharing and 401(k) plans. There are two types of tax credits available. The 2017 Tax Cuts and Jobs Act, now made permanent by the tax bill passed by Congress on July 4, 2025, allows “pass-through” businesses to potentially qualify for the 20% deduction on Qualified Business Income (QBI). Adopting a new pension plan can lower ordinary business income so as not to exceed the threshold for qualifying for this benefit.
New York Secure Choice 	The New York Secure Choice Program launched on October 8, 2025. All businesses in New York State that have been in existence for at least two years and have 10 or more employees must <u>either</u> sponsor a qualified retirement plan or register with New York State to start a Secure Choice Plan. The Secure Choice plan is a Roth IRA automatic enrollment plan with a maximum yearly contribution in 2025 of \$7,000 for those 49 years old and younger and \$8,000 for those 50 years old and older. The employer’s responsibility involves registering the company, entering the employee information, and facilitating the processing of employee contributions through payroll. Facilitating the payroll deductions, possibly changing them yearly can be a cumbersome task. If you already have a qualified retirement plan (you do if you are our client), you cannot have a New York Secure Choice Plan. If you do not sponsor a qualified plan, now is the time to look into adopting one for either 2026 or 2027. Adopting a qualified retirement plan (profit sharing, 401(k), or defined benefit or cash balance plan) provides for additional opportunities or benefits for plan participants, particularly for owners. <u>There are much higher contributions allowed and opportunities to maximize the contributions of owners in relation to their employee base as long as certain testing requirements are met.</u> We design qualified pension plans to align with your goals and employee demographics.

Year-End Reminders (continued)

ITEM	DISCUSSION
Plan Amendments and Contributions 	If it is desired to amend a pension or profit sharing plan, then the plan generally has to be amended prior to the plan's year-end. If it is desired to decrease a pension plan benefit or contribution formula, then generally an advance notice prior to participants accruing their benefits is required. For a calendar year pension plan, which is also a small plan, the participant notice describing a benefit decrease has to be distributed at least 15 days prior to the effective date. Because a profit sharing plan's contribution is usually discretionary, this latter requirement generally does not apply to profit sharing plans.
Safe Harbor 401(k) Notices 	Since many of the Safe Harbor 401(k) plans we provide services for are plans in which the employer has the option (before December 1st of the current year) to decide whether or not to make a 3% safe harbor non-elective contribution for the current year, annual notices must still be distributed to eligible employees. Notices for 401(k) plans with safe harbor matches are also still required. These notices, which we will provide to you, must be distributed between 30 and 90 days before the end of the current plan year. **For those plans where the 3% non-elective safe harbor contribution is not optional, annual notices are no longer required.
401(k) Salary-Reduction Elections 	Participant 401(k) and Cafeteria Plan elections have to be made prior to the beginning of the plan year. Before the end of 2026, plan sponsors should confirm that election options for 2027 have been communicated and participant elections have been made in writing. We cannot emphasize enough the importance of not only distributing Salary Deferral Election Forms each year before the beginning of the next plan year, but also of receiving all of the completed Forms, including from those who have declined electing 401(k). Should the IRS or the Department of Labor (DOL) audit your plan, they will ask to see copies of the completed Salary Election Forms. If completed Salary Elections Forms are unavailable, the IRS or the DOL may conclude that the option to withhold 401(k) was never offered to employees. The result could then be that required employer contributions would need to be made to these employees. Note that premiums paid by individuals for individual health insurance coverage obtained on the Individual Exchanges mandated by the Affordable Care Act are not eligible for pre-tax treatment under cafeteria plans.

Year-End Reminders (continued)

ITEM	DISCUSSION
401(k) Catch-up Contribution Elections for Participants 	Aged 60 through 63: Those participants who attain age 60 through 63 years old in 2027 and who make catch-up 401(k) contributions up to the limit allowed (\$8,000 in 2026, the 2027 limit not yet announced) will be able to defer the greater of \$10,000 or 150% of the 2027 catch-up limit (indexed for inflation). If the limit for 2027 is the same as for 2026, then these participants in 2027 will be able to contribute up to \$11,250 in catch-ups. Our next newsletter will list the 2027 catch-up limit. Mandatory Roth Catch-Ups: Those participants who will make Catch-up 401(k) contributions in 2027 and whose 2026 FICA wages are in excess of a certain amount (to be announced. For 2025, that amount was \$150,000) will be required in 2027 to make their catch-ups as Roth (post-tax) contributions. Our next newsletter will list that amount. If you encountered this situation in 2026, then hopefully, all the kinks in procedures have been identified and corrected by now. If not, we will discover any errors made once we work on your 2026 annual work. If 2027 is your first year tackling this, please take note that Payroll will need to have a deduction category available, named Roth 401(k) for example, so that the Roth contribution is taxed. Likewise, recordkeepers and TPAs must maintain Roth 401(k) amounts separately so that, upon distribution, these monies will not be taxed.
Participant-directed Investments 	If participants self-direct their plan investments, then these investments should be reviewed for suitability no less often than annually. It is the plan administrator's fiduciary responsibility to provide appropriate investment choices. It is also the plan administrator's responsibility to provide both annual and quarterly notices to the participants. Often, it is the plan's recordkeeper that provides these notices. Be sure those notices comply with the fee disclosure regulations.
Retirement Plan Distribution Withholding and Reporting Requirements 	Form 945 is used to report distribution income-tax withholding and Form 1099-R is used to report retirement plan distributions to participants for tax purposes and to the IRS. We now directly send out the participant copies of Form 1099-R, and we electronically file the form with the IRS. Generally, your accountant or bookkeeper will prepare Form 945. If asked, we can prepare the Form 945 for a nominal fee. The Trust should have a Trust Identification Number (TIN) which is different from the Corporate Employer Identification Number (EIN). The TIN should be used to report plan distributions and as the identification number for asset accounts. If the Trust does not have a separate number, please notify us so that we can apply for one. Please note that you must use the Electronic Federal Tax Payment System (EFTPS) to make your plan distribution withholding tax deposits. If you don't have an EFTPS account under the TIN, then you must establish one.

Year-End Reminders (continued)

ITEM	DISCUSSION
Required Minimum Distributions 	Required minimum distributions (RMDs) from all qualified plans normally have to be taken by December 31st of each year. The SECURE 2.0 Act legislated that RMDs be taken at age 73 instead of at age 72. Because the RMD requirements are complicated and because there is an excise tax (10% - 25%, depending on when RMD is taken) for the amounts not taken which should have been, we suggest that you contact us if you have any questions.
Fidelity Bond 	Except for one-participant plans or plans eligible to file a Form 5500-EZ, ERISA requires that every fiduciary of an employee benefit plan and every person who handles funds or other property of a plan be bonded. The amount of the bond is generally 10% of the funds handled unless the assets are non-qualifying assets, in which case the fidelity bond must be for 100% of the funds handled. The coverage requirement is determined at the beginning of each year and may have to be updated. You can obtain a bond from your casualty broker.
Beneficiary Election Forms 	Each plan participant should be reminded that Beneficiary Election Forms should be updated by completing a new Form under certain circumstances. Examples of when new forms should be completed are as follows: 1. A participant whose marital or family status has changed since last completing a Beneficiary Election Form should complete a new form. 2. A married participant, having attained age 35 since last completing a Beneficiary Election Form, should complete a new Form. 3. A participant who has changed his estate plans since last completing a Beneficiary Election Form may want to complete a new Form. Please note that the Plan Sponsor is responsible for maintaining their employees' Beneficiary Forms.

Important Deadlines



EVENT	DEADLINE
Safe Harbor 401(k) Plan annual notice, when required:	Between October 1 st and December 1, 2026*
2027 401(k) elections by:	December 31, 2026*
2027 Cafeteria Plan elections by:	December 31, 2026*
2027 PBGC premiums:	October 15, 2027*
Filing of 2026 Form 945 by:	February 1, 2027
Filing of participant copy of 2026 Form 1099-R by:	February 1, 2027
Filing of IRS copy of 2026 Form 1099-R by:	March 31, 2027 if electronically filed
Certain participants who attained age 73 prior to 2026 must take their 2026 minimum required distributions by:	December 31, 2026
A participant who attained age 73 during 2026 has to take IRA (non-Roth) minimum-required distribution and qualified-plan minimum-required distribution by:	April 1, 2027

**Dates shown are for calendar year plans*



Pension Review Services
 500 Bi-County Boulevard, Suite 115
 Farmingdale, NY 11735
 Phone: (631) 465-0850 Fax: (631) 465-0855

www.pensionreviewservices.com
 email: info@pensionreviewservices.com