

PLAN DOCUMENTS: CYCLE 3 RESTATEMENT FAQs

▶ PLAN RESTATEMENTS:

A plan restatement means the plan document is re-written in its entirety. Every six years, the IRS requires pre-approved plans to do a full plan restatement, which incorporates recently enacted legislation and certain treasury regulations into the written document.

Generally, each restatement cycle is uniquely named so as to help maintain a clear delineation between the document versions. There have been three primary restatement cycles in the past 15 years:

EGTRRA Restatement: May 1, 2008 to April 30, 2010
PPA Restatement: May 1, 2014 to April 30, 2016
Cycle 3 Restatement: August 1, 2020 to July 31, 2022

▶ CYCLE 3 RESTATEMENT PERIOD:

For Defined Contribution plans that use an IRS pre-approved document, the next six-year restatement period beginning August 1, 2020, is called the Cycle 3 restatement.

▶ IS MY PLAN REQUIRED TO BE RESTATED FOR THE CYCLE 3 RESTATEMENT?

All Defined Contribution plans that use a pre-approved plan document must have a Cycle 3 restatement.

▶ WHAT ARE THE DATES FOR THE CYCLE 3 RESTATEMENT PERIOD?

The Cycle 3 restatement period begins August 1, 2020, and runs through July 31, 2022. This allows for a two-year window to restate plan documents.

▶ WHICH PLAN TYPES NEED TO BE RESTATED?

While all qualified plans types (401(k), defined benefit plans, 403(b)) must be restated periodically, the current Cycle 3 restatement applies to defined contribution plans, which includes 401(k) plans, profit sharing plans, and solo(k) plans. It does NOT apply to non-qualified plans, defined benefit plans, or any type of IRA such as SIMPLE-IRA or SEP-IRA plans.

▶ WE JUST RECENTLY SETUP A NEW PLAN – DO WE REALLY NEED TO HAVE A NEW DOCUMENT RIGHT NOW?

All pre-approved plans established prior to August 1, 2020 were on the prior document (PPA document). Therefore, your PPA document will need to be restated at some point during the Cycle 3 period. You have a two-year window so you can use the existing document right now through July 31, 2022.

You should talk to your plan provider and schedule a tentative date by which your plan document will be updated for the Cycle 3 requirements. This must be completed no later than July 31, 2022.

▶ HOW IS CRI TPA SERVICES INVOLVED IN DOCUMENT RESTATEMENTS?

The restatement period is an excellent opportunity to review your plan provisions and ensure the design of the plan still fit your needs. If your plan uses a CRI TPA pre-approved document, we will begin working on restatements for our clients during the 4th quarter of 2020 and assist you in reviewing your plan provisions and updating the plan documents for the Cycle 3 provisions.

Once we have confirmed with you any modifications or edits you want to make along with the required law changes, we will provide the restated plan document package to you with instructions for timely signature of the new documents.

If you have any questions regarding document restatements, be sure to reach out to a CRI TPA Services advisor at CRITPA.com.