

Hi there. Another blast from me to our TPA partners. The important stuff first: I hope you and your families are staying healthy because nothing else really matters.

It seems trivial for me to have to talk about stupid DB rules when people are sick and dying, but we have a job to do I suppose. You've probably already read about some of the DB provisions of the Care Act, but I figured I'd summarize what I understand so far:

Extension of funding deadline: the law has extended the funding deadline for any contribution due in 2020 to 1/1/21, regardless of the plan year. So for example a DB plan with a June 30, 2019 year end has its normal contribution deadline on April 15, but this is extended to 1/1/21. Similarly a DB plan with a 12/31/19 year end has its normal contribution deadline on September 15, but this is extended to 1/1/21. The amount of the contribution is adjusted with interest to its later deposit date and this is something we can provide once our valuation system has been updated to handle this later date in the calculation. We assume guidance will soon follow extending the 5500 and SB deadline for these plans to some time after 1/1/21, and we also assume that guidance will follow to explain how the deduction rules will apply for these situations.

We will start communicating to our own DB or CB clients that they now have until 1/1/21 to make their contribution due in 2020. I recommend you do the same.

AFTAP relief: The normal rule is that lump sums are restricted in plans where the current AFTAP is under 80%. Plans with year ends of 2/29/20 or later after the market crash could easily be in this situation, as could a calendar year end plan whose 2019 AFTAP was between 80 and 90% and did not get its 2020 AFTAP certified by 4/1/20 triggering a deemed reduction in the AFTAP of 10% as of 4/1/20 in that situation. The new law allows a plan to use its 2019 AFTAP as its 2020 AFTAP for purpose of determining if a restriction applies. The idea behind this is to allow plans to make distributions to terminated participants where they would otherwise be restricted. Now we don't yet know the mechanism for an employer to make this election, but I'm sure we will get guidance on this soon.

DB/CB plan restatement deadline: this wasn't part of the Care Act, but the IRS did announce last week that the April 30, 2020 deadline for the PPA restatement is extended to July 31, 2020.

More to come: we expect a lot more relief to come from Congress as much more is still needed – relief on the funding rules themselves, relief on PBGC premiums; extensions on other deadlines. I'll keep updating you as the new information becomes available.

Lastly, RMDs are still required to be paid for DB and CB plans as usual. There was no change in the law for these plans, only for DC plans and IRAs.

Feel free to let me know if you have any questions.

Bye and stay well.

Norman



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