

# News *You* Can Use

Monthly Legislative Updates and Sales Ideas  
Courtesy of Your Local Third-Party Administrator

June 2023

## Welcome to the June Edition



THIRD PARTY PENSION  
ADMINISTRATORS AND CONSULTANTS

Collaborating with Professionals for Financial Success  
Retirement Success & Asset Protection

Thank you for your partnership with us, and if you have any retirement plan clients and/or prospects, that we can be of assistance with, we stand ready to help you.

Sincerely,  
Nicholas Brown, Executive Officer  
Millennium Pension Services, Inc.  
626.921.4364  
nick@mpssm.com

## SECURE 2.0: Incentives for Plan Deferrals

Millennium Pension Services, Inc.



We continue the series highlighting portions of SECURE 2.0 with a small provision that could add some fun and levity to retirement plan saving: Section 113, which permits the giving of small financial incentives for employee deferral contributions.

**What's the new rule in a nutshell?** The new rule permits employers to provide “de minimis financial incentives” to employees who elect to defer into an employer’s 401(k) or 403(b) plan. Practically, this means that employers can reward employees’ deferral elections by giving those employees small gifts or awards. This may especially appeal to employers who have already established similar

incentive programs in their wellness programs.

**What's a “de minimis financial incentive”?** SECURE 2.0 doesn't define the term “de

minimis.” The U.S. Senate’s [section-by-section summary](#) of SECURE 2.0 seems to suggest that gift cards in small amounts would be appropriate. One question is whether the “small amount” is measured as the actual award given or by the average cost spread out among all eligible participants. For instance, it seems likely that a \$25 gift card given to each person who enrolls is de minimis, but what about a \$2500 trip that is given away in a raffle where 100 employees who enrolled are each given one chance to win? Unless and until guidance is issued, the safer course will be to keep the value of the rewards on the smaller side. Importantly, note that these incentives *cannot* be paid from plan assets and regular fringe benefit taxation rules apply (meaning that gift cards likely are taxable to employees).

**Sounds great, when can we start?** Now! This optional plan provision was effective for plan years beginning after December 29, 2022. This is a great opportunity to pair with your TPA partner and start discussion with clients about whether and how to add an incentive program to deferral elections.

## Reminders

### Upcoming Deadlines for Retirement Plans

#### REMINDERS:

- **July 31, 2023:** Form 5330 due to IRS for reporting of excise taxes.
- **July 31, 2023:** Deadline to distribute annual benefit statement to participants in individual account plans that do not provide for participant-directed investments.
- **July 31, 2023:** Deadline to file or request an extension of Form 5500 for calendar year plans.



Whether it is a discussion around one of these retirement plan deadlines or a new retirement plan opportunity that you are working on for a prospect or client, *we are your local retirement plan design specialists, and we look forward to helping you achieve more sales success through partnership.*

Thank you for the opportunity to work with you and please feel free to call us for assistance, in meeting your retirement plan sales and servicing needs.

*A special thank you to Kelsey Mayo, Partner, Poyner Spruill for participating in our monthly news and thank you to Millennium Trust, for helping sponsor this column.*

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By Kelsey Mayo - Partner, Lead Employee Benefits Attorney, Poyner Spruill

Your copy should address 3 key questions: Who am I writing for? (Audience) Why should they care? (Benefit) What do I want them to do here? (Call-to-Action)

Create a great offer by adding words like "free" "personalized" "complimentary" or "customized." A

sense of urgency often helps readers take an action, so think about inserting phrases like "for a limited time only" or "only 7 remaining!"