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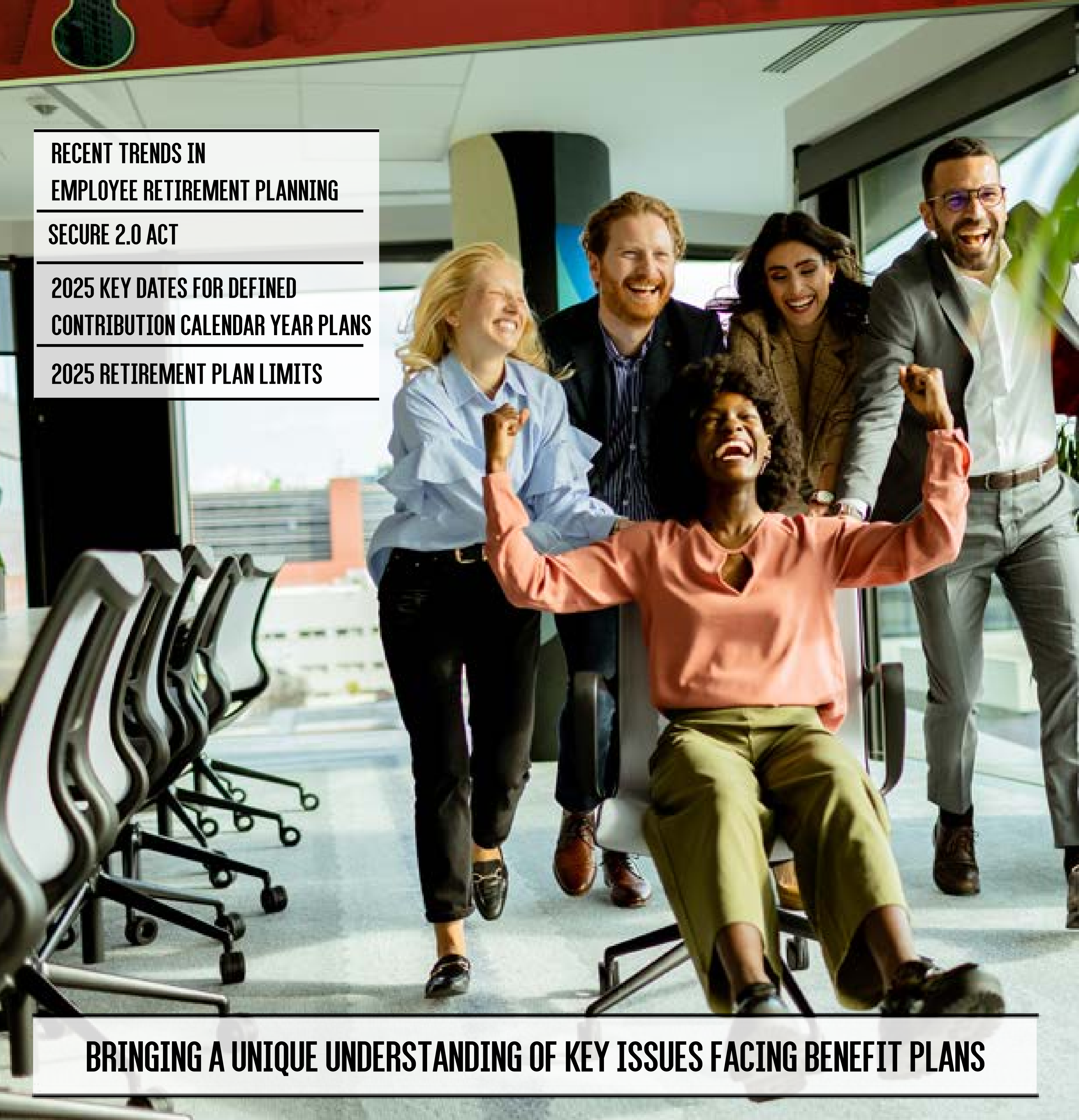

BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING BENEFIT PLANS

FROM THE EDITOR - TANIA QUIGLEY, CPA

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I'm excited to share the latest edition of our Pension Planner. This newsletter highlights trends we are noticing in retirement planning and provisions of the SECURE 2.0 Act that's in effect for 2025. As we continue to navigate these changes, it's crucial to stay informed about these changes and retirement trends that shape the future of our employees financial security, as well as our own.

In this issue, we give a breakdown of the latest SECURE 2.0 Act provisions that are important to understand. Whether you are a plan sponsor or an individual saving for retirement, the SECURE 2.0 Act offers more opportunities for retirement planning and growth. As a plan sponsor, incorporating SECURE 2.0 Act provisions in your retirement plan provides a more robust benefit package that can help attract new talent for your organization, or as an individual, the SECURE 2.0 Act provides increased contribution limits and automatic enrollment to help grow your retirement account.

We also explore retirement planning trends, from automatic retirement plan enrollment to increasing use of technology to assist in retirement planning. Individuals are planning smarter, closely monitoring their money and how they want to invest it for their future retirement.

We hope that this newsletter provides you with insights that you can incorporate in your retirement planning. Whether you are at a stage of entering the workforce, near retirement or somewhere in between, this newsletter provides helpful information at any stage of planning for retirement.

As always, we encourage you to reach out to us with any questions.

RECENT TRENDS IN EMPLOYEE RETIREMENT PLANNING

As the workforce evolves, economic shifts, technological advancements, and changing societal norms are reshaping how employees plan for retirement. Below are key trends reflecting the current mindset of employees as they prepare for their post-work years.

1. EMPHASIS ON FINANCIAL LITERACY AND EARLY PLANNING

Employees are prioritizing financial literacy and early retirement planning. Financial education programs, whether employer-sponsored or accessed independently, are gaining traction. Workers are learning about investment options, tax-advantaged accounts like 401(k)s or IRAs, and the power of compound interest. Younger employees, particularly those in their 20s and 30s, are saving earlier, driven by awareness of rising life expectancy and uncertainties around Social Security. Financial wellness is becoming integral, with employees aiming to reduce debt and achieve broader financial goals alongside saving for retirement.

2. SHIFT TOWARD FLEXIBLE RETIREMENT MODELS

The traditional model of retiring at 65 and stopping work entirely is fading. Employees are embracing phased retirement, gradually reducing hours or transitioning to part-time or consulting roles. This allows them to maintain income, stay engaged, and ease into retirement. Surveys suggest over 40% of workers expect to work in some capacity post-retirement, reflecting a desire for both financial security and personal fulfillment. Flexible retirement plans are accommodating these varied work-life transitions.

3. FOCUS ON DIVERSIFIED INCOME STREAMS

Rather than relying solely on pensions or Social Security, employees are diversifying their retirement income. Real estate, side hustles, and passive income sources like dividend-paying stocks or online businesses are popular. This trend is driven by concerns about market volatility and the decline of defined-benefit pension plans. Employees are also exploring alternative investments, such as private equity or real assets, to build resilient income streams.

4. INTEGRATION OF TECHNOLOGY IN PLANNING

Technology is revolutionizing retirement planning. Employees are using robo-advisors, budgeting apps, and retirement calculators to manage savings. AI-driven tools offer personalized investment advice, while online platforms simplify tracking of retirement accounts. Younger workers are particularly drawn to fintech solutions for their low-cost, user-friendly interfaces. Digital platforms are also integrating retirement planning with overall financial wellness, helping employees monitor progress toward multiple goals.

5. PRIORITIZING HEALTH AND LONGEVITY

With rising healthcare costs and longer life expectancies, employees are factoring medical expenses into their retirement planning. Many are saving specifically for healthcare needs, including long-term care insurance. Wellness programs and healthy lifestyle choices are seen as investments in a longer, active retirement, with employees prioritizing fitness and mental health to reduce future costs. **Health savings accounts (HSAs)** are gaining popularity as a tax-advantaged tool for covering medical expenses in retirement.

6. DEMAND FOR EMPLOYER SUPPORT AND BENEFITS

Employees are seeking robust employer-sponsored benefits, such as matching 401(k) contributions, financial advising services, or HSAs. Companies offering these are more competitive in attracting talent. Employees also value employer-provided financial education, such as workshops or one-on-one planning sessions. Employers are expanding holistic financial wellness programs, including tools to manage debt, emergency savings, and retirement planning, to support long-term security.

7. INFLUENCE OF SOCIAL AND ENVIRONMENTAL VALUES

Ethical investing is gaining momentum, with employees favoring retirement portfolios aligned with their values. **Environmental, social, and governance (ESG)** funds are increasingly popular, reflecting a desire to support sustainable and socially responsible companies. There is growing demand for ESG-focused retirement plan options, as employees seek to ensure their savings contribute to positive societal impact.

8. PSYCHOLOGICAL SHIFT TOWARD PURPOSE-DRIVEN RETIREMENT

Employees are redefining retirement beyond financial security, focusing on purpose and fulfillment. Many plan to pursue passions, volunteer, or start new ventures rather than simply relaxing. This is driving interest in encore careers in fields like nonprofit work or education, where employees can stay active while supplementing income. Retirement is increasingly seen as a phase of continued engagement, balancing leisure with meaningful activities.

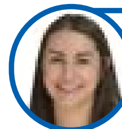
9. ADOPTION OF AUTO-ENROLLMENT AND AUTO-ESCALATION PLANS

Automatic enrollment in retirement plans, such as 401(k)s, is becoming standard, with employees defaulting into savings programs at higher contribution rates. Auto-escalation, where contributions increase annually, is also gaining traction. These features help employees save more consistently, addressing procrastination and inertia in retirement planning.

10. INCREASED FOCUS ON EMERGENCY SAVINGS

Employees are recognizing the need for emergency savings as part of their retirement strategy. Unexpected expenses can derail long-term savings, prompting workers to build cash reserves alongside retirement accounts. Employers are integrating emergency savings options into financial wellness programs, allowing employees to balance short-term security with long-term goals.

Employees are approaching retirement with a proactive, multifaceted mindset, driven by early planning, technology, and diversified income streams. They are prioritizing health, flexibility, and values-driven investing while seeking robust employer support. Automatic savings features and emergency funds are further shaping retirement strategies. As these trends evolve, the retirement landscape will continue to reflect the diverse needs and aspirations of today's workforce.



BRIANNA BURTIS, CPA
SUPERVISOR

SECURE 2.0 ACT

SECURE 2.0 Act of 2022 was passed as part of the Consolidated Appropriations Act of 2023 and provides improvements in the ability to save for retirement. The provisions of the Secure 2.0 Act become effective at different times. The following provisions became effective in 2025:

- **Catch-up contributions (*mandatory if the plan allows for catch-up contributions*) –** increase in contribution limit for ages 60-63. The amount that a participant can contribute increases to $11,250 if they are between the ages of 60 and 63. Under current law, employees who have attained age 50 are permitted to make catch-up contributions under a retirement plan in excess of the otherwise applicable IRS limits. This allows for participants that are nearing retirement age the ability to increase retirement savings before retirement.
- **Automatic enrollment and escalation (*mandatory, but there are exceptions noted below*) -** 401(k) and 403(b) plans to automatically enroll participants in the plan upon becoming eligible (or the employees have the choice to opt out of the plan). The initial automatic enrollment amount is at least 3% but not more than 10%. Each year thereafter that amount is increased by 1% until it reaches at least 10%, but not more than 15%. If the 401(k) or 403(b) plan was established before December 29, 2022, the plan is excluded from this mandatory provision. There is also an exception for small businesses with 10 or fewer employees, new businesses (*i.e., those that have been in business for less than 3 years*), church plans, and governmental plans.
- **Long-term, part-time employees (*mandatory*) –** this provision was included in the SECURE Act of 2019 to allow long-term, part-time employees to participate in a 401(k) plan. This provision added dual eligibility requirements for these part-time employees where the plan sponsor must allow workers that complete 1 year of service with 1,000 hours or three consecutive years of service with 500 hours of service in each year to participate in the plan. The SECURE 2.0 Act reduced eligibility from three years to two years which is effective after December 31, 2024. It can be become burdensome to track hours worked if the plan sponsor has many part-time employees. Working with your payroll provider or plan service provider to provide tools that can assist with monitoring the eligibility over the eligibility period could help reduce the risk of improperly excluded eligible part-time employees.

The following mandatory provisions were in effect prior to 2025. *Is your plan in compliance for these mandatory changes?*

- **Roth required minimum distribution rules -** eliminates the pre-death distribution requirement for Roth accounts in employer plans.
- **Hardship withdrawal rules for 403(b) plans -** 403(b) plans will comply with the same hardship withdrawal rules as 401(k) plans. For example, all participant account balances are available for hardship distributions.
- **Required Minimum Distributions (RMD) Age Increase -** RMD age raised to 73 (*for those turning 72 after Dec 31, 2022*) and 75 (*for those turning 74 after Dec 31, 2032*)
- **Top-heavy rules modification to defined contribution plans covering excludable employees –** this provision allows for separate top-heavy testing for employees that are excluded from participating due to age or service requirement.

As a plan sponsor, we strongly encourage you to reach out to your plan service providers to understand which Secure Act provisions have been implemented already or will be implemented when they become effective. Not all provisions are mandatory so understanding which provisions are applicable to your plan is important to maintain compliance and selected for the best interest for the plan and its participants. In addition, the IRS requires the plan document to be formally amended of these provisions, which is by the end of 2026.

TANIA QUIGLEY, CPA
PARTNER

INTERACTIVE CALENDAR: CLICK ON THE DATES TO VIEW THE DEADLINES

2025 KEY DATES FOR DEFINED CONTRIBUTION CALENDAR YEAR PLANS

HAVING TROUBLE VIEWING? PLEASE CLICK HERE FOR A VIRTUAL CALENDAR.

Priority Pension Services, Inc. (AFI)

So, you are the plan sponsor of a 401K and or Profit-Sharing Plan. An excellent way to attract and retain top talent and receive significant tax deductions for your business! **Please note this is for a December 31st year-end, if your year-end is June 30th add 6 months.**

Self-employed (*sole proprietor or partners*) owners must make cash or deferred elections no later than the last day of tax year (*e.g., by December 31, 2025, for a 2025 calendar tax year*). The timing is connected to when the individual's compensation is *"deemed currently available.*

401K deferrals deducted from a participant's pay must be deposited to the participant's 401(k) in ... feasible (*as soon as possible*).

FEBRUARY 10, 2025:

MARCH 15, 2025:

- Deadline for processing corrective distributions for failed actual deferral percentage (ADP)/actual contribution percentage (ACP) test without 10% excise tax for plans without an Eligible Automatic Contribution Arrangement (EACA).
- Deadline for filing S Corporation and partnership tax returns and contribution deadline for deductibility (without extension).
- Deadline for requesting automatic extension (to September 15) S Corporation and partnership tax returns.

JANUARY | **FEBRUA...**

APRIL 1, 2025:

- Required Beginning Date (RBD) for taking first Required Minimum Distribution (RMD) under IRC Section 401(a) (9) for participants who attained age 73 or who retired after age 73 in prior year.

  Note - *under the SECURE 2.0 Act, the RMD age has changed from 72 to 73 for anyone who did not attain age 72 by December 31, 2022. For these individuals, their RBD is April 1 of the calendar year following the later of the year in wh... 5% owners must ... continue working...*

- Deadline withou... and pay excise t... aggregate contr... forfeited) on tim...

APRIL 15, 2025:

- Deadline for processing corrective dist... Section 402(g) excesses.
- Deadline for filing C Corporation and in... and contribution deadline for deductibi... extension).
- Deadline for requesting automatic exte... 15) for C Corporation and individual tax...

MAY 15, 2025:

- Deadline to furnish first quarter 2025 benefit statement and fee disclosure to a participant or beneficiary in an individual account plan that permits participant investment direction.

JUNE

JUNE 30, 2025:

- Deadline for processing corrective distributions for failed ADP/ACP test from plan with EACA without 10% excise tax.

JULY 29, ...

- Deadline for ser... Summary of Ma... Modification (2... end of plan yea... amendment wa...

JULY 31, 2025:

- Deadline for filing Form 550... (w...
- De... ex...
- De... (re... w...
- De... ex... 40...
- La... be... an... pa...

OCTOBER ...

- Deadline for filing For... with Form 5558 filing ... month extension if Fo...
- Extended deadline for ... and individual tax retu... deadline for deductibi...
- Deadline for adopting ... to correct an IRC Sect... IRC Section 401(a)(4) ... for 2024 (9 1/2 month...
- Last day with 5500 ex... annual benefit statem... beneficiary in an indiv... does not provide for p... direction.
- De... co... 41... fa...

OCTOBER ...

- Deadline to establish... Safe Harbor Match P...

DECEMBER 31, 2025:

- Deadline for processing corrective distributions for failed 2024 ADP/ACP test with 10% excise tax.
- Deadline for correcting a failed 2024 ADP/ACP test with qualified nonelective contributions (QNEC).
- Deadline to execute discretionary amendments implemented during plan year (certain exceptions apply, e.g., adding salary deferrals, cutting back accrued benefits).
- Deadline to deposit Safe Harbor Non-Elective contributions for the 2024 plan year.
- Deadli... plan ye... ...ns if applicable for the 2024
- Last d... partici... distrib... ...ibutions (RMD) to applicable ...s other than for the first
- ...ate Forfeiture accounts. ...llocation of Forfeiture

NOVEMBER 14, 2025:

- Last day to furnish third quarter 2025 benefit statement and fee disclosure to a participant or beneficiary in an individual account ... participant ...ion.

...BER 1, 2025:

- ... send out 30-day ...articipants for ... Safe Harbor

...BER 15, 2025:

- ...eadline for filing S ...tnership ...tribution ...bility.

...cipant

...: ...on to ...eport

OCTOBER 2, 2025 - DECEMBER 1 2025:

- Extended deadline for filing Form 5500.
- Extended deadline for filing C Corporation and individual tax returns and contribution deadline for deductibility.
- Deadline for adopting a retroactive amendment to correct an IRC Section 410(b) coverage or IRC Section 401(a)(4) nondiscrimination failure for 2023 (9 1/2 months).

DEDUCTI...

To deduct the employer contributions made to a Defined Contribution plan for a given year, the deposit must be made no later than the due date (*including extensions*) of your federal tax return.

CHECK OUT THIS SUMMARY OF THE POSSIBLE DEADLINES FOR A CALENDAR YEAR TAX FILER:

TAX STATUS	DEADLINE	ON EXTENSION
C-CORPORATION (*OR LLC TAXED AS C-CORP*)	APRIL 15	OCTOBER 15
S-CORPORATION (*OR LLC TAXED AS S-CORP*)	MARCH 15	SEPTEMBER 15
PARTNERSHIP (*OR LLC TAXED AS A PARTNERSHIP*)	MARCH 15	SEPTEMBER 15
SOLE PROPRIETORSHIP (*OR LLC TAXED AS A SOLE PROPRIETORSHIP*)	APRIL 15	OCTOBER 15

2025 RETIREMENT PLAN LIMITS

	2025 CONTRIBUTION LIMIT	CATCH-UP CONTRIBUTION (*50+ YEARS OLD*)	CATCH-UP CONTRIBUTION (*60-63 YEARS OLD*)
401(K), 403(B), 457 PLANS	$23,500	$7,500	$11,250
SIMPLE PLANS*	$16,500 OR $17,600	$3,500 OR $3,850	$5,250
TRADITIONAL OR ROTH IRA	$7,000	$1,000	N/A
DEFINED CONTRIBUTION PLANS	$70,000	N/A	N/A
ANNUAL CONTRIBUTION PLANS	$350,000	N/A	N/A
HIGHLY COMPENSATED EMPLOYEE THRESHOLD	$160,000	N/A	N/A
KEY EMPLOYEE THRESHOLD	$230,000	N/A	N/A
HEALTH SAVINGS ACCOUNT (HSA)	$4,300-SINGLE $8,550-FAMILY	$1,000 (*IF AGE 55+*) $1,000 (*IF AGE 55+*)	N/A

****SECURE 2.0 Act allows for increased limits for employers of SIMPLE plans that have fewer than 25 employees.***

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