

IRS Provides Pandemic Relief to Safe Harbor Plans

July 8, 2020

Notice 2020-52 (the “**Notice**”) provides temporary relief allowing sponsors of “safe harbor” 401(k) and 403(b) plans to amend their plans mid-plan year to suspend or reduce safe harbor contributions through the end of the plan year regardless of whether the employer (i) is suffering an economic loss, or (ii) included a statement in its annual safe harbor notice that safe harbor contributions could be reduced or suspended during the plan year. Plans that adopt an amendment to reduce or suspend safe harbor non-elective contributions in accordance with this Notice will not be treated as failing to satisfy the 30 day notice requirement in the regulations, provided that a supplemental notice is provided to the eligible employees no later than August 31, 2020, and the plan amendment that reduces or suspends the non-elective contributions is adopted no later than the effective date of the reduction or suspension. Plans that adopt an amendment to reduce or suspend safe harbor matching contributions must still provide employees with 30 days’ notice before the reduction or suspension becomes effective and, to take advantage of the safe harbor relief afforded by the Notice, the plan sponsor must amend the plan by August 31, 2020. In addition to the safe harbor relief, the Notice clarified that the modification or suspension of safe harbor contributions made to highly compensated employees does not impact the overall safe harbor status of the plan. However, if safe harbor contributions to highly compensated employees are modified, an updated safe harbor notice must be provided to the affected highly compensated employees, and if the contribution is a matching contribution, the affected highly compensated employees must be provided an election opportunity. The Notice is available [here](#).