

Want to Elect to Have a Safe Harbor Plan for 2021? The Time is Now

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As we previously reported [here](#), earlier this year, the IRS provided relief to plan sponsors of safe harbor 401(k) and 403(b) plans, allowing them to amend their plans mid-year to suspend or reduce safe harbor contributions through the end of the 2020 plan year. Many employers elected to make this change in order to reduce overall costs to help them weather the COVID-19 pandemic. Plan sponsors who want to go back to a safe harbor plan design for 2021 must (i) amend their plan documents before the end of the year to include safe harbor contributions; (ii) notify their third party administrators as soon as possible so that the third party administrator is prepared to administer the plan as a safe harbor plan; and (iii) provide the required safe harbor notice to participants at least 30 days (and not more than 90 days) before the beginning of the plan year. Many third party administrators require at least 60 days' notice to implement plan changes, so employers should reach out to their counsel and service providers immediately if they want a safe harbor plan for 2021.