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PLAN SPONSOR GUIDE

401(k) Plan Administration Best Practices Checklist

Use this simple checklist to strengthen your daily, monthly, quarterly, and annual plan administration. Practical information to help you identify gaps early and prepare for future plan changes.

EVERY PAYROLL

- ❑ Process employee deferrals correctly
- ❑ Deposit contributions timely
- ❑ Verify new employee eligibility
- ❑ Confirm employer match calculations
- ❑ Review employees nearing annual limits
- ❑ Verify Roth and Catch-Up elections
- ❑ Stop contributions for terminated employees

MONTHLY

- ❑ Reconcile payroll to recordkeeper
- ❑ Review contribution deposits
- ❑ Check participant loans
- ❑ Review hardship withdrawals
- ❑ Monitor employee eligibility
- ❑ Resolve payroll discrepancies
- ❑ Document operational issues

QUARTERLY

- ❑ Meet with your advisor
- ❑ Review participation & deferral rates
- ❑ Review plan expenses
- ❑ Discuss legislative updates
- ❑ Review fiduciary actions
- ❑ Evaluate employee education

ANNUALLY

Compliance

- ❑ Meet with an experienced TPA
- ❑ ADP/ACP Testing
- ❑ Top-Heavy Review
- ❑ Contribution Limits
- ❑ HCE & Key Employee Review
- ❑ Employer Contributions

Fiduciary

- ❑ Meet with an experienced retirement plan advisor
- ❑ Investment Review
- ❑ Fee Benchmarking
- ❑ Committee Meeting
- ❑ Cybersecurity Review

Filings

- ❑ Meet with your TPA
- ❑ Form 5500
- ❑ Required Notices
- ❑ Required Distributions
- ❑ Missing Participants

AS NEEDED

NEW EMPLOYEE
- ❑ Determine eligibility
- ❑ Provide enrollment materials
- ❑ Process elections

EMPLOYEE TERMINATION
- ❑ Stop contributions
- ❑ Review vesting
- ❑ Provide distribution options

BUSINESS CHANGES
- ❑ Ownership changes
- ❑ Payroll provider changes
- ❑ Mergers or acquisitions
- ❑ Workforce changes

2026 Year-end Review

Overview	What the administrator must know	Practical 2026 check
Elective deferral limit: $24,500 **Age-50 catch-up: $8,000**	The combined employee deferral maximum is $32,500 for a participant eligible for the **standard** catch-up.	Update payroll limits and test employees who changed payroll systems, entities, or plans during the year for excess deferrals.
"Super catch-up" ages 60–63: $11,250	A participant who turns **60, 61, 62, or 63** during 2026 may use the higher catch-up, if the plan permits catch-ups. Maximum Employee deferrals can reach $35,750.	Confirm date-of-birth data and recordkeeper/payroll coding. Do not apply the higher amount to someone age 64 by year-end.
Mandatory Roth catch-up for certain higher earners	For 2026, catch-up contributions for a participant with more than **$150,000** in 2025 FICA wages from the employer sponsoring the plan generally must be Roth. The threshold is employer-specific, not household income.	Identify affected employees using Box 3 Social Security wages from the sponsoring employer. Confirm whether the plan offers Roth, payroll has a Roth catch-up source, and participants received clear instructions.
Annual compensation limit: $360,000 **DC annual additions limit: $72,000**	Compensation above $360,000 generally cannot be counted for plan allocations; total annual additions are separately capped, excluding catch-up contributions.	Load limits in payroll and allocation systems. Review owners, physicians, sales employees, and anyone receiving large bonuses or employer contributions.
Long-term part-time employees	SECURE 2.0 reduced the service threshold to **two consecutive years** with at least **500 hours** for 401(k) elective-deferral eligibility, subject to statutory and plan rules. Tracking remains a 2026 operational priority.	Run a lookback report across 2024–2025 service, including excluded classifications. Confirm entry dates, vesting service, and whether employer contributions are excluded under the document.
Automatic enrollment for many new plans	Most 401(k)/403(b) plans first established *after* Dec. 29, 2022 must use automatic enrollment and escalation beginning in 2025, unless an exception applies. 2026 is the first full-year operating cycle for many plans.	Audit every eligible employee, default rate, permissible withdrawal, escalation date, and opt-out. Verify the plan's exemption status rather than assuming it.
Missing participants and small balances	The mandatory cash-out ceiling may be as high as **$7,000** if adopted. DOL continues to expect prudent search procedures for missing participants and uncashed checks.	Review terminated participants quarterly. Verify addresses, document searches, follow the plan's force-out terms, and coordinate automatic portability/IRA procedures.



Don't Wait Until There's a Problem

A proactive annual review can help you:

- ✓ Reduce compliance risk
- ✓ Improve plan administration
- ✓ Prepare for regulatory changes
- ✓ Strengthen employee retirement outcomes

Talk with our team about scheduling your retirement plan review today.

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Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty. Guarantees are based on the claims paying ability of the issuer. The target date of a target date fund may be a useful starting point in selecting a fund, but investors should not rely solely on the date when choosing a fund or deciding to remain invested in one. Investors should consider funds' asset allocation over the whole life of the fund. Often target date funds invest in other mutual funds and fees may be charged by both the target date fund and the underlying mutual funds. The principal value of these funds is not guaranteed at any time, including at the target date.

Some Retirement Accounts have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney. Converting from a Traditional Account to a Roth Account is a taxable event. A Roth Account offers tax free withdrawals of taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth Account must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a $10,000 lifetime maximum). Depending on state law, Roth Account distributions may be subject to state taxes.

This guide is for educational and informational purposes only. It does not represent a comprehensive list of all deadlines, filings, or compliance requirements that may apply to your retirement plan. Requirements may vary based on your plan's specific provisions, effective dates, and operational practices. Employers and plan sponsors should consult their recordkeeper, third-party administrator (TPA), ERISA attorney, or other qualified professional to confirm applicable rules and responsibilities. Nothing in this material should be construed as legal or tax advice.

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