Employee Benefits 101 & Secure Act 2.0: ICYMI Webinar Recap

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March 15, 2023

As part of the Morse Women Attorneys Webinar Series, Rebecca Alperin presented on employee benefits and what it takes to create and maintain qualified benefit plants under the Internal Revenue Code (the CODE) and the Employee Retirement Income Security Act (ERISA). Each session in the series focuses on an area of law essential to the business lifecycle, start to exit and everything in between. (Don't miss the next one, register here!)

Rebecca began by explaining what the term employee benefits covers, including benefits such as Health and Welfare Plan, Qualified Retirement Plans, Non-Qualified Plans, Equity Incentive Plans and Fringe Benefits, focusing the discussion on Qualified Retirement Plans, such as 401(k) Plans.

All qualified Retirement Plans require a written plan document, which may consist of both a basic plan document (with non-optional terms) and an adoption agreement (adopting elective provision from a list of options); and procedures, clearly set out for implementation of the plan.

However, even if these two requirements are in place, this does not mean that a Qualified Retirement Plan will maintain its "qualified status." The plan will continuously need to comply ERISA, the Internal Revenue Code and the regulations thereunder.

To qualify under the Code, a plan must be both statutorily and operationally compliant. Statutorily, a plan must meet minimum participation, vesting, and distribution requirements, and not exceed annual contribution limits established by the IRS. Operationally, a plan must be operated in accordance with its terms and the Code, cannot favor highly compensated or key employees, and plan assets must be used for the exclusive benefit of employees and their beneficiaries.

Even if a plan qualifies under the Code, it must also meet ERISA's requirements. Under ERISA, plans are subject to one or more of the following requirements: (i) the establishment of a Trust document and Trustee; (ii) the creation of a Summary Plan Description, describing the rights, benefits and responsibilities of participants and beneficiaries under the plan; (iii) a Claims Procedure; and (iv) a named Fiduciary, responsible for managing the plan or plan assets.

Rebecca also discussed the steps that should be taken in the event a plan fails to comply with the requirement of the CODE, and ERISA, recommending correction upon discovery of a defect in accordance with prescribed correction methods and principles. If you have questions about employee benefits, qualified plans and compliance, contact Rebecca Alperin.

Also, be on the lookout for upcoming events in this series, including a webinar hosted by Mary Beth Kerrigan and Elizabeth Resteghini on April 13th, providing an overview on preparing for an M&A exit.

Join the invite list.