



# NICHOLAS PENSION CONSULTANTS

## Plan Design & Administration

### ABOUT US

NPC is a third party pension administration firm. We specialize in quality plan administration and do not provide investments or insurance services. Our local consultants are strategically placed to service our clients in the western states.



Owners: Ken Roberts, Adam Zuro, Leonard Roberts, Patrick Collar, Warwick (Nick) Nicholas & Andy Wass

### NPC NEWS

Due to the many Advisors and Accountants who have entrusted us with their clients, we currently administer approximately 4,000 retirement plans, which represent over 50,000 participants. Our clients are serviced by our staff of over 80 employees with hundreds of years of combined experience, and all located within the United States. For more information see our [NPC LinkedIn Page](#).

As we see consolidation among Third Party Administrators (TPAs), we proudly remain a privately held company, focusing on service and quality. As a true Third Party Administrator we do not sell investments or insurance. We've developed a regional administration system that is designed to ensure superior quality while keeping costs competitive. Each client is assigned a local Consultant and an Administrator. In addition, our compliance team of experienced Administrators run each plan through a list of quality control checks, and our managers review reports to ensure timeliness.

### Continuing Education Seminars

Please attend our live complimentary seminars throughout the year for a plan design overview and regulatory update. An invitation is enclosed.



### SECURE ACT 2.0

Three years after the SECURE Act 1.0 made waves in the industry, the SECURE Act 2.0 was signed into law on December 29, 2022. Much like its predecessor, it was written to increase retirement plan availability, participation and savings. This law included over 90 retirement savings related provisions. Therefore, employers will see numerous system changes and required amendments within the next few years. For more information see our [SECURE Act 2.0 Overview](#). Highlighted provisions and effective dates are below.

#### 2023

- Sole Proprietors can now establish 401(k) plans with salary deferrals after their 12/31/23 year-end.
- Start-up Business Credits increased from 50% to **100% of fees** for companies with 50 or fewer employees for first 3 years of establishing a new plan. A new credit was also created for startup plans for up to **\$1,000 per employee** (which decreases after 50 employees).

### New Deadlines for 12/31 Year-End Plans

Employers now have until their tax filing deadline to establish PS & DB Plans. Below is a chart summarizing the deadlines:

- 10/01/23 - start-up 401(k) Safe Harbor Plan for 2023
- 12/01/23 - add Safe Harbor 3% PS to existing 401(k) for 2023
- 12/01/23 - add Safe Harbor Match to existing 401(k) for 2024
- 12/31/23 - startup 401(k) for 2023
- 3/15/24\* - startup PS or DB for 2023 (S-Corp & LLP)
- 4/15/24\* - startup PS or DB for 2023 (C-Corp)
- 4/15/24\* - startup PS 401(k) or DB for 2023 (Owner-Only Sole Prop)

\*plus extensions

### San Francisco

Leonard Roberts  
(925) 299-9020  
leonard@nicholaspension.com

### South Bay Area

Patrick Collar  
(925) 829-6700  
patrick@nicholaspension.com

### East Bay Area

Adam Zuro  
(925) 964-9404  
adam@nicholaspension.com

### Danville

Warwick (Nick) Nicholas  
(925) 855-8070  
nick@nicholaspension.com

### Sacramento & Reno

Ken Roberts  
(916) 934-3880  
ken@nicholaspension.com

### Southern California & Rancho Cordova

Andy Wass  
(949) 412-8223  
(916) 316-7177  
andy@nicholaspension.com



- RMD increased from 72 to 73 beginning 2023 and penalties for missed RMD dramatically reduced from 50% to: 10% or 25%, depending on correction timing.
- Scope of SCP (Self Correction Program) was broadly expanded, making it easier for employers to self correct compliance issues they discover.

#### 2024

- 401(k) force-out limit increases from \$5,000 to \$7,000, expanding employers' ability to distribute assets to nonresponsive terminated participants.
- Revision of Family Attribution Rule will generally require married owners with separate companies to have separate plans. This will simplify for some and shake up for others.
- Long-Term Part-Time Employees (LTPTE) will be eligible for 401(k) deferrals if age 21, with 3 years consecutive service and at least 500 hours. If under 1,000 hours they can be excluded from employer contributions and most discrimination testing. This rule was created with SECURE Act 1.0 and is further modified via SECURE Act 2.0 in 2025 (see below).

#### 2025

- Long-Term Part-Time Employees (LTPTE) rule is the same as in 2024, but eligibility drops to 2 years consecutive service.
- Additional catchup for age 60-63 to 150% of current catchup limit.
- Required Automatic Enrollment for any plan made effective on or after 12/29/22. Auto Enroll must be at least 3% with 1% annual increase until 10%. Not required if 10 or fewer employees, or within 3 years of starting new business.

#### 2026

- Roth required for Age 50 catch-up deferrals, if FICA wages exceed \$145,000 in previous year. (This provision was delayed from 2024.)

### EARNED INCOME & DEADLINES

A company's 'Entity Type' determines what is 'Earned Income' for retirement plan purposes, and also determines the tax filing and plan establishment deadline. The following chart provides a summary.

Entity Type	Earned Income	Tax Deadline	Ext Deadline
C-Corporation	Gross Comp	4/15	10/15
S-Corporation	Gross Comp	3/15	9/15
Partnership	K-1	3/15	9/15
Sole Proprietor	Schedule C	4/15	10/15
LLC	Follow chosen tax entity above		

### DOL REDUCES LARGE PLAN AUDIT REQUIREMENTS

In general when 401(k) Profit Sharing and DB plans first exceed 120 employees, a separate CPA audit is required. Starting with the 2023 plan year, the DOL has reduced the counting methodology to only include participants with account balances (no longer including eligible employees without account balances). This welcome change was intended to reduce plan expenses for small plans.

### DEFINED BENEFIT POST-PPA RESTATEMENTS BEGIN

Every 6 years the IRS requires plans to be restated onto a new document. The IRS deadline for DB Plans is 3/31/25. NPC clients will see their restatements begin soon.

### DB/DC COMBINATION PLANS (CASH BALANCE)

DB/DC Combination plans often allow older owners to contribute over \$300,000 for themselves, while typically requiring a 7-10% contribution for employees. See example below.

	Age	Compensation	DB/DC Combo
Owner 1	57	\$200,000	\$300,000
Employee	25	\$50,000	\$5,000

### CALSAVERS TO 1 PERSON PLAN IN 2026

Currently, all companies in California with 5 or more employees are required to be covered by CalSavers or a qualified plan. Beginning in 2026, all companies with 1 or more employees will be required to be covered. For more information see our [CalSavers Overview](#).

### HOW TPAs ASSIST ADVISORS & CPAs

NPC Consultants focus on building long-term, trusted relationships with Advisors and Accountants in order to compliment them in assisting their clients. Consultants are available as a resource to Advisors and Accountants as their long term expert support in retirement plan design and compliance. Consultants are available to discuss prospective plan opportunities and to conduct plan design studies. In addition, they are available for group presentations and one-on-one training meetings.

### TOP INVESTMENT PROVIDERS

Numerous national investment companies have chosen to include Nicholas Pension Consultants on their preferred list of service providers. We can work with any investment company. Examples include: **American Funds, Charles Schwab, CUNA Mutual, Empower, Fidelity, FuturePlan, John Hancock, Lincoln, Mass Mutual, Mutual of Omaha, Nationwide, OneAmerica, Principal, Transamerica, T Rowe Price, The Standard, TD Ameritrade, Vanguard, and Voya.**

**NEWSLETTER NOTICE:** To be added or deleted from our email list, please send a request to [seminars@nicholaspension.com](mailto:seminars@nicholaspension.com).



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## Plan Design & Administration

**PRESENTS OUR 30<sup>th</sup> ANNUAL SEMINAR  
A REVIEW OF QUALIFIED RETIREMENT PLANS UNDER CURRENT LAW**



**ALL SEMINARS ARE COMPLIMENTARY FROM 9:00 – 11:00AM AND INCLUDE:**

Continental Breakfast, training materials and 2 hours of continuing education for CPAs, CFPs, EAs and Life Insurance. This seminar is designed for Accountants & Financial Advisors and also serves as a great opportunity to invite business partners.

**RETIREMENT PLAN OVERVIEW**

Plan Types	Design Options
Eligibility	Vesting

**401(k) PROFIT SHARING PLANS**

New Comparability	One Person UNI(k)
Safe Harbor	Roth 401(k)

**REGULATORY UPDATE**

SECURE Act 2.0	New Startup Plan Tax Credits
DOL & IRS Updates	Audit Rules Adjusted

**DEFINED BENEFIT PLANS**

Combination DB/DC Plans	Cash Balance
Owner Only DB Plans	

**REGISTER ONLINE AT [www.nicholaspension.com/seminars](http://www.nicholaspension.com/seminars)**



ALAMO                      Wednesday, Oct. 18, 2023

ROUND HILL COUNTRY CLUB  
3169 Round Hill Road, Alamo, CA 94507 (925) 934-8211

RENO                        Thursday, Oct. 19, 2023

RENAISSANCE RENO DOWNTOWN HOTEL & SPA  
One Lake Street, Reno, NV 89501 (775) 321-5860

SACRAMENTO              Friday, Oct. 20, 2023

SACRAMENTO MARRIOTT RANCHO CORDOVA  
11211 Point East Drive, Rancho Cordova, CA 95742 (916) 638-1100

Register online using the link above or contact Marissa Latzen at:  
[seminars@nicholaspension.com](mailto:seminars@nicholaspension.com) / (916) 638-5700