

HR YEAR-END CHECKLIST & COMPLIANCE

REMINDERS

2020 has been a challenging year for everyone, during which adapting to life with COVID-19 has been a primary focus. Because of the unusual year, now is great time to check on your employee programs and make sure you've completed all required tasks based on today's regulations. To help facilitate this process, we've compiled the following checklist of common year-end compliance tasks, reminders, and deadlines, plus information to share with (like updated contribution limits) or request from (name and address changes) your employees. We've organized this checklist into three sections: payroll, retirement, and benefits.

If you are a BFG client in any of these related areas, we will have discussed these items with you and, in some cases as marked on the checklist, we will facilitate them.

PAYROLL

Bank & BFG Holidays:

- Friday, December 25, 2020 - CLOSED
 - BFG payroll clients:
BFG is also closed on Thursday, December 24.
Please submit all payrolls dated Thursday, December 24, by **noon on Tuesday, December 22, 2020.**
Please submit all payrolls dated Monday, December 28, by **noon on Wednesday, December 23, 2020.**
- Friday, January 1, 2021 - CLOSED
 - BFG payroll clients:
Please submit all payrolls dated Thursday, December 31, by **noon on Tuesday, December 29, 2020.**
Please submit all payrolls dated Monday, January 4, by **noon on Wednesday, December 30, 2020.**

Final Payroll of 2020:

- Include year-end bonus checks
 - BFG payroll clients:
Please let us know as soon as possible if you plan to pay year-end bonuses so that we are able to set up a separate pay cycle.
- Ensure all taxable benefits have been recorded
Examples of taxable benefits include personal use of a company vehicle, S-Corp company-paid benefits, company-paid group term life insurance (GTLI) premiums for benefits over \$50,000, and so on.
 - BFG payroll clients:
Ensure all taxable benefits have been reported.
- Ensure all manual checks that were written to an employee during the year have been reported

Tax Deadlines:

- Payroll Tax Payment Deadlines for checks dated December 31, 2020:
 - January 4, 2021:** Payroll tax payments over \$100,000
 - January 6, 2021:** Payroll tax payments under \$100,000
- W-2 and 1099 Forms Deadline: **January 31, 2021**

First Payroll of 2021:

- Update all State Unemployment Tax Authority (SUTA) tax rates for 2021 to be in place for the first check of 2021
 - BFG payroll clients:
Forward State Unemployment Tax Authority (SUTA) tax rates.
- Update federal and state tax tables
 - BFG payroll clients:
Your BFG Payroll Specialist will make these updates.
- Update your rates and codes based on the new Worker's Compensation policy
 - BFG payroll clients:
Forward the new Worker's Compensation policy.
Doing so will allow us to update your rates and codes.
- Adjust Social Security Payroll tax to include the higher taxable wage base (which will be \$142,800 in 2021, up from \$137,700 in 2020)
 - BFG payroll clients:
Your BFG Payroll Specialist will make these updates.

Employee Information:

- BFG payroll clients: Ensure employees have access to the Employee Self Service Portal
W-2 forms for BFG clients will be available electronically in our Employee Self Service Portal, where employees retrieve their paystubs, so employees will want to make sure they can access this portal. **Important Note: Please let your BFG Payroll Specialist know if you would also like paper W-2 forms mailed to your employees or delivered directly to your office.**
- Verify current home address
Doing so will help to ensure delivery of mailed W-2 forms.
- Ensure correct name is on file
Employee paperwork should include the name that is on file with the IRS. For example, if an employee has reported a name change to the IRS, their forms should include their new name; however, if an employee was recently married and has not submitted changes to the IRS, then their old name should be included.
- Review employees' withholding elections identified on their W-4
Now is a good time to make changes to filing status if desired, although employees can change their elections at any time.

RETIREMENT PLANS

Employee Notices:

- ☑ BFG clients: We have previously prompted the distribution of these notices and facilitated employee questions.

Year-end Notices: SIMPLE IRA

- ☑ Send Notice for SIMPLE IRAs to eligible employees by **11/1**
Employers who sponsor a SIMPLE IRA should be aware that the annual deadline to provide notice to eligible employees is November 1. This notice should inform employees of their eligibility and explain the contribution formula and any available options for the designated financial institution.

Plan Year-end Notices: 401(k)

- ☐ Provide Summary Annual Report by the last day of the 9th month after the end of the plan year (or by 12/15 if the Form 5500 filing was extended to October)
Per the IRS, the Summary Annual Report “is a narrative summary of the plan’s financial status and summarizes the information on the plan’s annual report (Form 5500).” If your Form 5500 filing was extended to October, you have until 12/15 to distribute this report to all participants and beneficiaries.
- ☐ Provide participants with 401(k) notices. Most of the notices listed below are required to be provided **at least 30 days but not more than 90 days prior to the first day of the plan year:**
 - ☐ Safe Harbor 401(k) Plans
Plan sponsors are required to provide all participants with an annual notice that explains employer contributions and other features of the plan.
 - ☐ Automatic Enrollment Features
Plans using the automatic enrollment feature must provide an annual notice that explains how this feature works within the plan.
 - ☐ Qualified Default Investment
The plan sponsor must give notice if the plan has a “qualified default investment” into which assets will be invested if the participant makes no other elections.
 - ☐ Participant Fee Disclosure
Per the DOL, plan sponsors must give each participant or beneficiary notice of plan-related information (including administrative and individual expense information and statements of actual charges or deductions) and investment-related information (including performance data, benchmark information, and fee and expense information) on an annual basis. You may send this disclosure with other notices identified in this list if its annual distribution is still pending.
- ☐ Provide notice of any changes made in the past year
If you have made any changes to your qualified retirement plan during the plan year, you must inform participants by sending documentation (either a Summary Plan Description or Summary of Material Modifications). Notification for 401(k) plans must be **no later than 30 days prior to the end of the same plan year.**

Plan Year-end Notices: Defined Benefit

- ☐ Provide Funding Notice for Defined Benefit Plans to participants
Plan sponsors of defined benefit plans are required to provide a notice explaining its assets and liabilities and funding status for the last two years, along with other information. Unlike the other notices mentioned above, this notice is required to be provided to participants within **120 days after the end of the plan year** or as follows:
 - ☐ Small Plans (fewer than 100 participants)
Provide the notice by the earlier due date of the Form 5500 (including extensions) or the date it is filed.

New Plans:

- ☐ Establish a Retirement Plan
If your business doesn’t already have a retirement plan in place, now is a great time to start one. Current rules allow for deductible contributions and tax credits.

Plan Changes:

- ☐ Adopt any proposed Discretionary Amendments to your Retirement Plan
If you make changes to your qualified retirement plan during the plan year, you must add a discretionary amendment **no later than the end of the same plan year.**

Retirement Plan Contribution Limits:

- ☐ Inform participants in your retirement plan of the latest contribution limits
New retirement plan annual contribution limits are available to be shared with employees who may want to adjust the amount that they are saving.

| Contribution Guidelines | 2020 | 2021 |
|-------------------------------------|-----------|------------------|
| 401(k) & 403(b) plans, Pre-tax | \$ 19,500 | \$ 19,500 |
| Catch-up for 401(k) & 403(b) plans* | \$ 6,500 | \$ 6,500 |
| Annual Defined Contribution Cap | \$ 57,000 | \$ 58,000 |
| Annual Compensation Cap | \$285,000 | \$290,000 |
| Highly Compensated Cap | \$130,000 | \$130,000 |
| SIMPLE IRA Employee Deferral Cap | \$ 13,500 | \$ 13,500 |
| Catch-up for SIMPLE IRA* | \$ 3,000 | \$ 3,000 |

*Must be age 50 or older during the calendar year to be eligible for catch-up contributions.



HEALTH INSURANCE PLANS

Employee Notices:

- ☑ BFG clients: We have previously prompted the distribution of these notices and facilitated employee questions.
- ☑ Send Creditable Coverage Notice for Medicare to eligible individuals by 10/15
Employers who sponsor group health plans should be aware that the annual deadline to provide notice of Creditable Coverage to eligible employees is **October 15**. Distribution of this notice has been required since January of 2006, when Medicare beneficiaries first received subsidized prescription drug coverage through the Medicare Part D program. (For more information, please see this [resource](#)). For a sample Creditable Coverage Notice, please see the Centers for Medicare and Medicaid Services (CMS) website: <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/CreditableCoverage/Model-Notice-Letters.html>.
- ☑ Distribute CHIP Model Notices to eligible individuals **annually**
This notice explains that individuals and their children who are eligible for Medicaid or CHIP and for employer health coverage also may have access to a state premium assistance program that can help pay for coverage using funds from their Medicaid or CHIP programs. This notice must be provided to employees annually.
- ☑ Provide Summary of Benefits and Coverage to employees who are eligible to participate in the group medical plan
Plan sponsors are required to distribute the Summary of Benefits and Coverage (SBC) with initial enrollment and upon renewal, at which time only information specific to the benefit plan selected by the participant needs to be included **at least 30 days prior to the first day of the plan year**. If making any changes to the plan that would affect the SBC, the plan sponsor must notify participants **at least 60 days prior to the effective date of the amendment**; if the changes do not affect the SBC but do result in material reductions, plan sponsors must provide a summary of changes **within 60 days after the reduction**.

Reporting Requirements:

- ☑ BFG clients: We will facilitate distribution of the Affordable Care Act Forms 1095-B* and 1095-C**
Deadlines:
 - ☐ **February 28, 2021:** Provide to IRS (if mailing)
 - ☐ **March 2, 2021** (extended from January 31, 2021 deadline): Provide to employees
 - ☐ **March 31, 2021:** Provide to IRS (if filing electronically)
- *Per the IRS, "**Form 1095-B** is used to report certain information to the IRS and to taxpayers about individuals who are covered by minimum essential coverage and therefore are not liable for the individual shared responsibility payment." **In most cases, the insurance company handles this reporting.**
- **Per the IRS, "**Form 1095-C** is filed and furnished to any employee of an Applicable Large Employers (ALE) [meaning 50 or more full-time equivalent employees] member who is a full-time employee for one or more months of the calendar. ALE members must report that information for all twelve months of the calendar year for each employee."

Health Savings Account (HSA) Contribution Limits:

- ☐ Inform participants who are eligible for Health Savings Accounts of the latest contribution limits
New Health Savings Account (HSA) annual contribution limits are available to be shared with employees who may want to adjust the amount that they are saving.

| Contribution Guidelines | 2020 | 2021 |
|-----------------------------------|----------|-----------------|
| Individual Coverage | \$ 3,550 | \$ 3,600 |
| Catch-up for Individual Coverage* | \$ 1,000 | \$ 1,000 |
| Family Coverage | \$ 7,100 | \$ 7,200 |

*Must be age 55 or older during the calendar year to be eligible for catch-up contributions.



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