

RETIREMENT PLAN DATA FIELDS – PREFERRED INDUSTRY PRACTICES FOR HCM/PAYROLL SERVICE PLATFORMS

REVISED TO REFLECT SECURE ACT 2.0

10/7/2024

RETIREMENT PLAN DATA FIELDS PREFERRED INDUSTRY PRACTICES FOR HCM/PAYROLL SERVICE PLATFORMS

REDUCE EXCEPTION REQUESTS WITH PREFERRED INDUSTRY PRACTICE ADHERENCE

This VIEWPOINT lists the data elements that employers and their HCM/payroll platforms exchange with retirement plan service providers.

Employers and their HCM/payroll platforms will benefit from including these elements in their defined contribution retirement plan data exchange templates. Indeed, including all elements in the data feed template will reduce the number of custom requests and associated labor.

This version, based on findings from earlier reports, is updated to reflect data elements required to meet the mandates established under the Setting Every Community Up for Retirement (SECURE) Act 2.0 of 2022.

These recommendations apply to all defined contribution retirement plans (401(k), 403(b), government 457, 401(a) Money Purchase and Profit-sharing plans. By extension, these recommendations apply to associated accounts such as 409(a), 457(b), 457(f) non-qualified deferred compensation arrangements and Health Savings Accounts.

The paper formulates recommendations based on the practices of most retirement plan service providers of the Coalition.

INDISPENSABLE CONTRIBUTION FIELDS

The five indispensable contribution amount fields to include in the 401k/403b/457 plan data exchange template are:

- 1. Pretax employee contribution**
- 2. Roth employee contribution**
- 3. After-tax employee contribution**
- 4. Pre-tax catch up contribution**
- 5. Roth catch-up contribution**

COMPENSATION AMOUNT FIELDS

Compensation must be provided as it is defined in the Defined Contribution plan document. Many employers base 401(k) plan contributions on a definition of compensation other than W2 compensation. The difference can be meaningful for employers with a workforce payed with incentives, tips, bonuses, travel budgets, home-office expense allowances and other non-salary compensation. SECURE Act 2.0

A preferred practice is to provide either of these two fields, but not both:

- 6. Period compensation (plan definition)**
- 7. Year-to-date compensation (plan definition)**

A preferred practice is to provide either of these two fields, but not both:

- 8. Period FICA wages**
- 9. Year-to-date FICA wages**

PLAN LOAN DATA

Data feed templates need to provide for loan repayment amounts.

Loan repayment fields in the 401k/403b/457 plan data feed templates

- 10. One payment amount field per loan**
- 11. Unique plan loan number**

INDICATIVE DATA

Indicative or demographic data may be exchanged at every pay period along with contribution and compensation and loan data. Alternatively, the exchange of indicative data may be handled separately, either by periodic submission of flat files on a secure server or through an Application Programming Interface (API) that transmit demographic information changes weekly, daily, or as they occur.

Ten universally requested data points:

- 12. Social Security Number**
- 13. Employee/Participant ID**
- 14. Full Name (or First Name and Last Name separately)**
- 15. Address Line 1**
- 16. Address Line 2**
- 17. City**
- 18. State**
- 19. Zip**
- 20. Date of Birth**
- 21. Original Hire Date**

DATA TO SUPPORT PLAN SERVICES AND PARTICIPANT COMMUNICATIONS

Fifteen data points requested by a majority of recordkeepers are needed to fulfill outsourced plan administrative functions such as eligibility determination, enrollment, rehire, loans, hardship withdrawals, and distributions, and to support participant communications and engagement.

- | | |
|--------------------------------------|------------------------------------|
| 22. Pay Date | 30. Plan Code / Plan Number |
| 23. Hours Worked (pay period) | 31. Union Status |
| 24. Payroll Frequency | 32. Work Email Address |
| 25. Participant Status | 33. Personal Email Address |
| 26. Termination Date | 34. Mobile phone number |
| 27. Rehire Date | 35. Gender |
| 28. Employee Number | 36. Marital Status |
| 29. Division Code | |

AUTOMATIC PLAN FEATURES

Automatic plan features are a recommended practice to set participants on track to achieve retirement success and mandated for new plans created after 12/31/2024. Plans that take advantage of automatic enrollment and automatic deferral increases require enhanced data feeds. Many plans vary automatic features among various employee groups, making it necessary to collect data at the individual level. Automatic plan feature data (or changes) can be exchanged along with indicative data.

One field required to properly administer automatic increases:

22. Date of automatic increase trigger (e.g. hire date anniversary, plan set date e.g. 01/01 merit increase date, participant choice, other)

DEFINITIONS

On Leave

Employees on leave should be identified as such in the payroll feed. Unpaid leave is treated differently from termination for retirement plan administration purposes. Employees on parental leave, family and medical leave (FMLA), bereavement leave, military leave, jury duty leave, and unpaid sick leave are all identified as “on leave”, and not as terminated in the “Status” field.

Long-term part-time employee

The SECURE 2.0 Act of 2022 defines as a “long-term part-time” (LTPT) employee as an employee eligible to participate in a plan solely by reason of completing 500 hours of service in a consecutive two-year period. In addition, an LTPT employee must also have reached age 21 by the close of the two-year period. Employees who have met the LTPT requirements continue to be eligible to participate in the plan even if they work less than 500 hours in a subsequent year. Current LTPT employees are those eligible to make elective deferrals in the current year.

The Internal Revenue Code defines “former LTPT employees” as those who initially entered the plan as LTPT employees but subsequently completed one year of service (that is, worked 1,000 hours during an eligibility period) or ceased to be eligible for a reason other than age or service (e.g. transfer or leave).

Rehire date

Date when a previously terminated participant starts a new period of employment at the organization. A participant returning from a leave of absence does not meet the definition of a rehire. A participant moving from one affiliate to another covered by the same plan does not meet the definition of a rehire.

Status

For proper administration, the status field needs to distinguish the following categories of employees:

- Ineligible
- Eligible
- Active
- On leave
- Terminated
- Current long-term part-time (LTPT) employee
- Former LTPT employee

Termination date

Date when a participant’s employment with the organization ended. Termination may be voluntary or involuntary, but a temporary leave of absence does not meet the definition of a termination. In the case of an employee with multiple non-consecutive periods of employment at the organization, the termination date is the most recent termination date. The organization is defined as the control group, including all divisions and predecessor companies to reflect mergers and acquisitions. A participant moving from one affiliate to another covered by the same plan does not meet the definition of a termination.

ABOUT THE COALITION

The mission of the Coalition is to advocate for payroll administration excellence, to define payroll administration excellence, and best practices and finally, to encourage employers and their payroll providers to adopt those best practices. At its Annual Meeting, the Coalition sustains the dialogue between retirement plan service providers and HCM / payroll platforms to fulfill its mission statement. Armed with information from deliberations, members of the Coalition for Payroll Excellence are better able to set themselves apart from other players.



16A Pasco Drive
East Windsor CT 06088

+1(860)254.5042

www.payrollexcellence.us



@payexcellence



<https://www.linkedin.com/company/coalition-for-payroll-excellence>