



MARCH 2021

Co-op 401(k) Plan Restatement of Plan Documents

Starting in April 2021, Milliman will begin the process of restating the plan documents for each sponsor of the Co-op 401(k) Plan. This process is expected to last approximately 12 months.

The restatement process includes updating the plan documents to include any regulation or law changes and voluntary plan amendments adopted by the plan since the last time the plan documents were updated. The restatement is required and is meant to reduce the compliance burden of sponsoring employers. The Internal Revenue Service (IRS) established a six-year “remedial amendment cycle” for pre-approved plans, like the Co-op 401(k) Plan.

A pre-approved plan is a plan document that has been submitted to the IRS in advance to determine if its features meet the requirements for tax qualification.

The Co-op 401(k) Plan submitted a plan document to the IRS for pre-approval and Milliman received the IRS-issued opinion letter on June 30, 2020. The document is now ready for use.

The six-year remedial amendment cycle means that every six years, the IRS will review plan documents and then require employers to restate on the newly-approved plan document.

The last restatement cycle for pre-approved plans, known as the Pension Protection Act (PPA) restatement, ended on

April 30, 2016. The current cycle, ending July 31, 2022, is known as the Cycle 3 restatement as it is the third six-year remedial amendment cycle.

Determination Letters

One of the advantages of using the Co-op 401(k) Plan’s pre-approved plan document is that it eliminates the need for individual plan sponsors to file their own determination letter with the IRS. The individual plan sponsors can rely on the opinion letter issued for the pre-approved Co-op 401(k) Plan Document.

Updated Regulations and Laws

As part of the restatement process, the plan documents will be updated with language regarding recently enacted regulations and laws. These include:

- Bipartisan Budget Act of 2018 – Amendment for Hardship Distributions.
- Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act).
- Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act).

Summary Plan Description (SPD) Updates

Plan amendments and restatements generally require that an updated Summary Plan Description (SPD) or a Summary of Material Modifications (SMM) be distributed to plan participants. Milliman will update your plan's SPD and prepare any SMMs as needed. We will coordinate distribution of these required participant disclosures through separate correspondence.

The Employee Retirement Income Security Act of 1974 (ERISA) requires that an updated SPD be distributed to plan participants at least every five years.

Milliman's Restatement Process

The team at Milliman has already begun working through the restatement process. In a few weeks, Milliman will send out an email to the plan sponsors of the Co-op 401(k) Plan notifying them of the start of the restatement process.

Milliman will work through each of the plan sponsor's documents to make the applicable updates. Once the updates have been made, Milliman will send the newly created packet of documents via email to the plan sponsor for review. This packet will include:

- e-Signature Ready Adoption Agreement.
- Adopting Board Resolution.
- Basic Plan Document.
- IRS Approval/Opinion Letter.
- Summary Plan Description.

Once the packet is received, it is important that the plan sponsor review the contents to ensure accuracy. Once reviewed, the sponsor can electronically sign the adoption agreement and return via email to Milliman.

Milliman recommends that plan sponsors save these updated files, along with the old plan document, as part of the plan's permanent records. All plan documents are to be maintained for the life of the retirement plan plus six years following plan termination.

For Co-op 401(k) Plan sponsors who continue to use the pre-approved plan document, the next restatement period will likely end in 2028.

For more information or if you have any questions regarding the restatement process, please contact your Relationship Manager or call 800.652.6675 option 2.

Changes to Co-op 401(k) Plan Investment Lineup

At each quarterly meeting of the Co-op 401(k) Plan Fiduciary Board, the plan's advisor, Advanced Capital Group (ACG), provides a broad economic overview of domestic and international issues and a review of the current funds available in the plan. During this review, the performance and relative expense of each fund is compared to the fund's peer group. As a result of these reviews, occasionally ACG and the Fiduciary Board determine that changes are needed to the fund lineup.

At the last board meeting in December, ACG proposed three share class changes that would further lower the overall expense of the plan. These share class changes were approved by the Fiduciary Board. The three funds affected were:

- Vanguard Institutional Index Fund.
- Vanguard Small Cap Index.
- JPMorgan Mid Cap Value.

The share class changes took place in early March and the new share classes are now available in the Co-op 401(k) Plan.

The goal of ACG and the Fiduciary Board is to create an investment lineup for the plan participants with funds that have historically performed in line with or better than similar funds in their given peer group. The updated lineup meets this goal while also being constructed of funds with comparatively low fund expenses.

If you have any questions concerning the investment options in the Co-op 401(k) Plan, please contact your Relationship Manager or call 800.652.6675 option 2.

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