



APRIL 2021

## SECURE Act Effect on Part-Time Employees

In December 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act was signed into law. The SECURE Act brought several changes and provisions that are intended to promote saving for retirement. One of those provisions involves long-term part-time employees.

### Long-Term Part-Time Employees

Effective for any plan years beginning after December 31, 2020, long-term part-time employees may be eligible to participate in retirement plans like the Co-op 401(k) Plan if they have worked between 500 and 999 hours per year for three consecutive years and have met the plan's age requirements, if applicable.

After meeting the service and age requirements, employees may begin making salary deferrals into the Co-op 401(k) Plan. Sponsors may continue to exclude these long-term part-time employees from any potential employer contributions, such as matching or profit sharing contributions, by amending their plan to impose a minimum 1,000 hour rule for any employer contributions.

This new provision is mandatory. Plan sponsors with large part-time populations that are currently excluded from plan participation will need to evaluate the cost/benefit of tracking hours versus implementing more liberal eligibility requirements. Sponsors could allow part-time employees

to make salary deferrals in the plan prior to the provisions laid out in the SECURE Act. This would relieve the plan of having to track hours worked for part-time employees.

It is important to note that this new provision does not apply to retirement plans that are collectively bargained. The long-term part-time employees may also be excluded for testing purposes.

The first year that any of these long-term part-time employees would be eligible to participate in the Co-op 401(k) Plan would be 2024. However, sponsors can amend their plans to allow part-time employees to participate earlier.

### Adding Information to Payroll File

Milliman can help with the tracking and reporting of any affected part-time employees. If you include part-time employee information on your payroll file, Milliman's system will help determine who might become eligible to participate in the plan as they approach the hours worked threshold for the third consecutive year.

### Contact Us

If you have any questions regarding the long-term part-time employee provisions in the SECURE Act and how it may affect your plan, please contact your Relationship Manager or call 800.652.6675, option 2.

[coop401kplan.com](http://coop401kplan.com)  
800.652.6675

Co-op **401k** Plan   
AMERICA'S LEADING 401(k) PROGRAM FOR COOPERATIVES

## Professionally Managed Accounts With Rockbridge

Since 2000, the professional investment management program for Co-op 401(k) Plan participants and their families has been provided by Rockbridge Investment Management.

Rockbridge is an independent, fee-only registered investment advisory firm that helps families make sound financial decisions. Their unbiased approach to financial planning allows them to provide actionable, straightforward advice to Co-op 401(k) Plan participants at a reasonable cost.

Rockbridge's goal is to help participants retire successfully through an investment philosophy proven in academia, coupled with comprehensive financial and retirement planning strategies.

Rockbridge can help participants answer questions such as:

- Am I on track to retire and how much can I spend in retirement?
- How should my assets be invested and how much should I be saving?
- What tax and estate planning strategies should I consider?
- What is the optimal Social Security strategy?

### Rockbridge's Process

When participants elect to have their Co-op 401(k) Plan account professionally managed, an investment professional from Rockbridge will work with them to analyze their current retirement goals, including their time horizon and risk tolerance. Based on this information, Rockbridge will determine a personal strategy for the participant and will continue to monitor and manage their account assets going forward.

Rockbridge follows four steps to understand and analyze the unique and specific needs of each participant and help them reach their retirement goals.

**Discovery.** Initial conversation with Rockbridge to learn more about the participant and their goals.

**Planning.** Based on the initial conversation, Rockbridge creates a comprehensive financial and investment plan.

**Review.** Rockbridge will review the plan and discuss the next action steps.

**Implement.** The participant implements the plan. Rockbridge and the participant will review the plan on an ongoing basis as life events occur.

Rockbridge's managed account program will work for those Co-op 401(k) Plan participants who understand the importance of selecting the right mix of investments, but are not comfortable that they have the knowledge and experience to make the right choices on their own. Rockbridge can tailor a retirement savings strategy for anyone.

For seasoned employees with a substantial retirement plan balance, Rockbridge can provide key investment direction that pushes the strength of their portfolio to the next level. Rockbridge can also provide a solution for participants who are just starting to build for their retirement.

The biggest point of distinction for Rockbridge is that all of their services, strategies and advice are centered on ensuring that participants' unique goals, challenges and opportunities are the driving force behind their financial activities. Rockbridge has built a team of industry professionals with the ability to provide advice regarding all aspects of financial planning at a reasonable cost.

With Rockbridge, participants have the opportunity to work one-on-one with an objective investment professional to develop a long-term investment strategy based on sound investment principles.

For more information or to get started, participants can contact Rockbridge directly:

### Rockbridge Investment Management

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