

New Rule for Tracking Part-Time Hours for 401(k) Plans

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Beginning this year, employers that sponsor 401(k) plans must satisfy a new requirement. 401(k) plans must allow certain part-time employees to make voluntary 401(k) contributions. These part-time employees must be at least 21 years of age and work at least 500 hours for three consecutive years, starting with the plan year beginning during 2021. Thus employees won't be eligible to participate in a plan because of this rule any sooner than plan years beginning on or after January 1, 2024. But companies must begin this year to keep track of the hours worked by part-time employees.

For more information on tracking part-time hours or other Healthcare or Employee Benefits (ERISA) related topics, Contact Ed Wodarczyk at ewodarczyk@tuckerlaw.com.