

401(k) Plans

Companies that have fewer than 100 workers will be exempt from penalties if the 401k contributions are credited to employee accounts within seven business days. The less clear old rules still apply to companies with 100 or more workers: funds must be credited as soon as they can reasonably be determined, but no later than the 15th day of the following month.

The 15th day of the following month should not be treated as a safe harbor period, however. Our experience with Department of Labor examinations indicates they consider a 'reasonable' period to be around 3 days after the payroll check date.