

(484) 574-8782

Torrillo & Associates

Benefit Plan Audit Specialists

- [Home](#)
- [About](#)
 - [Specialists](#)
 - [Our Team](#)
 - [Careers](#)
- [Services](#)
 - [401\(k\) Audits](#)
 - [403\(b\) Audits](#)
 - [Pension Plan Audits](#)
 - [Audit Process](#)
 - [CPA Firm Assistance](#)
- [Clients](#)
- [Videos](#)
- [Blog](#)
- [FAQs](#)
- [Contact Us](#)

Select Page

**Long-Term,
Employees
Regulations**

**Part-Time
Proposed**



The Internal Revenue Service issued a [Proposed Rule](#) that would amend the rules applicable to plans that include cash or deferred arrangements under section 401(k) to provide guidance with respect to long-term, part-time employees.

The proposed regulation reflects statutory changes made by the [SECURE Act](#) and the [SECURE 2.0 Act](#) that relate to long-term, part-time employees. The proposed regulation would affect participants in, beneficiaries of, employers maintaining, and administrators of plans that include cash or deferred arrangements. This document also provides notice of a public hearing.

While Plan amendments related to long-term, part-time employees are not required until the end of the 2025 plan year, plan operations must be compliant January 1, 2024. As a result, some plan sponsors may want to consider if allowing long-term, part-time employees to defer (i.e. be immediately eligible) will be less administratively burdensome than tracking long-term, part-time employees. However, this could impact the Plan's nondiscrimination and top-heavy testing.

The proposed regulations provide a number of answers related to the implementation of the long-term, part-time employees rules. However, there are still many challenging aspects to implementation which Plan sponsors will want to work with their advisors, providers and/or ERISA Counsel.

[SECURE 1.0](#) generally required employees with 3 years of 500

hours to become eligible starting in 2024. [SECURE 2.0](#) generally requires employees with 2 years of service to be eligible starting in 2025, including those under ERISA-covered 403(b) Plans. Plan sponsors must inform employees they are eligible but are not required to automatically enroll them or provide employer contributions. The impact to Plan sponsors primarily relates to data collection and administrative time and costs of enrolling these eligible employees.

Plan sponsors can choose to make employer contributions on behalf of long-term, part-time employees, however, if they do, they must count prior years with 500 hours of service for vesting purposes. Long-term, part-time employees may also be excluded from receiving safe harbor contributions as well as for purposes of determining if a plan satisfies the safe harbor contribution and top-heavy limits, but such provisions must be specified in the plan document.

Long-term, part-time employees who are eligible to participate solely because of the new rules may be excluded from nondiscrimination and coverage testing as well as top-heavy vesting and benefit requirements. The rules do not apply to certain employees covered by collective bargaining agreements or non-resident aliens. Period prior to January 1, 2021 are excluded only for eligibility purposes.

For elapsed time plans, the long-term, part-time employees rules do not apply. Employees may be excluded based on reasonable classification. However, those classifications cannot be based on age or service and cannot exceed the 500 hours/two years or service or 1,000 hours/one year of service conditions. Excluded employees based on a classification must also be included in nondiscrimination testing.



Plan sponsors will want to work with their service providers, advisors and ERISA counsel to ensure compliance with the [proposed regulations](#) for long-term, part-time employees .



Phone:

Email:

Address:

	<hr/>
	<hr/>

Who We Are

Torrillo & Associates, LLC specializes in employee benefit plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

Recent Articles

- [Executive Order Issued to Expand Access to Alternative Assets for 401\(k\) Investors](#)
- [DOL Promotes New On-Line Self-Correction Program](#)

- [DOL Files Amicus Brief Supporting Use of Forfeitures to Reduce Employer Contributions](#)
- [US Department of Labor Rescinds 2022 Guidance on Cryptocurrency in 401\(k\) Plans](#)

Site Navigation

- [Home](#)
- [About](#)
- [Services](#)
- [Careers](#)
- [Clients](#)
- [Videos](#)
- [Blog](#)
- [FAQs](#)
- [Contact Us](#)
- [Privacy Policy](#)
- [Terms of Use](#)

Search The Site

Search for:

- [RSS](#)

© 2010 to 2025 Torrillo & Associates, LLC - 36 Regency Plaza,
Glen Mills, PA 19342 | Site Development and [Marketing by Client by Design](#)