



Which Employees Do I Have to Include on my Year End Census Report?

Facts

As for so many companies, the end of one year and the start of the next are especially busy times. And, without fail, we've already received the request for our annual census data from our retirement plan consultant. I know this information is important and these deadlines approach quickly, so I get nervous every year about making sure I provide all of the correct information.

Question

Is there any basic guidance you can share on how to make sure I get all the right information to our consultant on the first try?

Answer

A fresh and shiny new year can mean a few things – a laundry list of well-intended resolutions and time to prep your plan's census information! While one of these may inspire you, the other is likely a source of angst. We're here to help remove some of the stress associated with compiling your census data, so you can focus attention on making those 2021 goals happen!

In an effort to make the experience less daunting, we've put together a list of common questions we've received from clients as they have prepared their census. This week, we will cover who should be included as well as some of the basic demographic information. Next week, we will work through some of the financial information. Let's jump in!

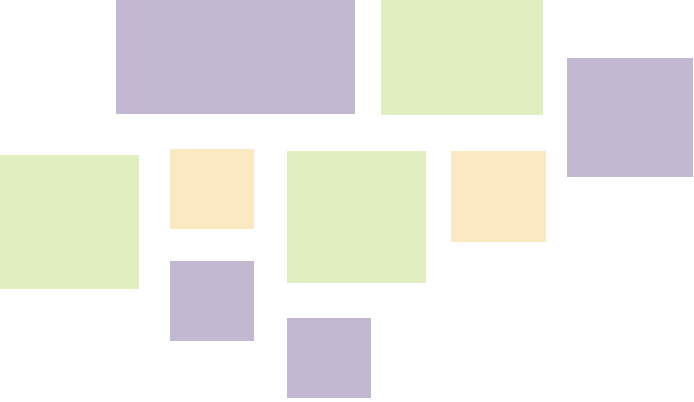
Do I have to include all employees?

Yes! It's important that your census submission include all employees who were employed at any time during the plan year. Not only that, but the census must also include all employees who were employed by any companies to which your business is [related](#), regardless of whether or not that other company is participating in your plan. The reason is that these individuals must be considered in the annual nondiscrimination testing even if they are not receiving any actual benefits.

What about part-time employees or participants who aren't making contributions?

Another yes! When it comes to [part-time employees](#) (or really any employee with an irregular schedule), it's not uncommon for there to be confusion about if/when these individuals are eligible for the 401(k) plan. Including all employees on your census report allows us to assist you with this determination to help avoid errors.

Friendly tip: Maintaining accurate records for part-time employees became even more important as of January 1, 2021. Even if your part-time employees don't satisfy your plan's current eligibility requirement, the [SECURE Act](#) (signed into law in December 2019) requires those who work for you as few as 500 hours per year for at



least 3 years to be eligible to make 401(k) deferrals. Granted, the earliest someone could join your plan under this new rule is not until 2024, but it'll be critical that you have employee data available for reference back to the start of this year.

If we have employees come and go, do you really need all their rehire dates?

Bet you know what we're going to say here...yes, we need all the hire, **rehire**, and termination dates for your employees. This level of detail is necessary in order for us to determine who and when employees become eligible for the plan.

When it comes to birth dates, is close enough good enough?

As much as we would like to, we cannot give a "yes" answer to this one. The reason is that there are quite a few retirement plan rules that require someone to be a certain age, and we're not just talking about initial eligibility for your plan. An employee's precise age can impact everything from whether s/he must be counted in nondiscrimination testing to vesting to his/her ability to take a distribution from the plan if still employed.

We're hoping this quick FAQ helps explain some of the demographic information needed and gives a glimpse to the "why" for each of those items. Next week, we will take a look at some of the financial data points such as compensation and contribution amounts.

The unique provisions of each plan drive the specific data necessary to complete the annual compliance work for your plan. So, if you have any questions as you prepare your census, please don't hesitate to **[contact us](#)** for support.



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