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News Release

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Contact Name: Gloria Della

Phone Number: (202) 693-8664

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US Department of Labor issues final safe harbor rule on employee contributions to small pension and welfare plans

WASHINGTON — The U.S. Department of Labor today announced the publication of a final rule to protect employee contributions deposited to small pension and welfare benefit plans with fewer than 100 participants by providing a safe harbor period of seven business days following receipt or withholding by employers.

"This rule will give employers greater clarity in remitting participant contributions to small pension and welfare plans in a timely manner," said Phyllis C. Borzi, assistant secretary of labor for the department's Employee Benefits Security Administration. "We estimate participant accounts could grow by \$19 to \$44 million as a result of these rules."

Currently, employers of all sizes must transmit employee contributions to pension plans as soon as they can reasonably be segregated from the general assets of the employer, but no later than the 15th business day of the month following the month in which contributions are received or withheld by the employer. The latest date for forwarding participant contributions to health plans is 90 days from the date on which such amounts are received or withheld by the employer.

The final rule amends the participant contribution rules to create a safe harbor period under which participant contributions to a small plan will be deemed to comply with the law if those amounts are deposited with the plan within seven business days of receipt or withholding. The final rule is consistent with the proposed rule. The department did not expand the safe harbor to cover plans with 100 or more participants due to a lack of information and data sufficient to evaluate current practices of such employers and assess the costs, benefits and risks to participants associated with extending the safe harbor to large plans.

The final rule is to be published in the Jan. 14, 2010, edition of the *Federal Register* and will be effective on the date of publication.