401(k) News Flash

Issue 2

Top Vesting Changes in the Pension Protection Act of 2006

The Pension Protection Act of 2006 (PPA) introduced comprehensive pension reform and added new features for 401(k) plans, such as the automatic enrollment safe harbor to take effect in 2008. A less celebrated provision of the PPA 2006 was the change to the minimum allowable vesting schedules for profit sharing, money purchase and ESOP contributions.

Effective for contributions made for plan years beginning on or after January 1, 2007, all employer contributions will be subject to a minimum

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