

# Eligibility Requirements for Long-Term Part-Time Employees

Under the SECURE Act and SECURE 2.0, the ability for plan sponsors to exclude part-time employees from making their own salary deferral contributions is restricted by requiring the inclusion of “long-term part-time employees” in 401(k) plans if certain conditions are satisfied.

**So, how will this affect my retirement plan and its participants?** Beginning in 2024, under the SECURE Act, 401(k) plans are required to permit part-time employees who perform work for at least 500 hours of service in each 12-month period over three consecutive periods to defer. Beginning in 2025, employees who work for at least 500 hours of service in each 12-month period over two consecutive years must be eligible to defer.

## Summary of LTPT Provisions

	SECURE Act of 2019
<b>Applies to:</b>	<b>401(k) Plans</b>
<b>Service Requirement</b>	3 consecutive LTPT Years
<b>Age Requirement</b>	They must have attained age 21 no later than the last day of the third LTPT Year
<b>Computation Periods Considered</b>	Periods beginning on or after 1/1/2021
<b>Entry Date for LTPT Employees</b>	Calendar Year Plan: 1/1/2024 *Subsequent entry dates: 1/1 or 7/1  *Non-calendar year plan: Plan year beginning in 2023
<b>LTPT Vesting (if applicable)</b>	Pre-2021 service disregarded; <u>LTPT year of service = 500 hours</u>

*\*Vesting only applies if an LTPT or former LTPT receives an employer contribution*

### Things to Note:

- **LTPT Year = 500 hours in 12 months**
- **Employers are not required to give LTPTs employer contribution(s)**
- **In 2025, LTPT service requirement is based on two consecutive years**
- **LTPTs that meet regular eligibility are subject to LTPT vesting**

## Best Practices If You Have LTPT Employees

- 🔄 Report **all** new employees upon hire.
- 🔄 Submit per-pay period hours and compensation for **all** employees beginning with their first payroll.
- 🔄 Report termination dates and final payroll information for terminated employees.
- 🔄 Report rehired employees’ hours, compensation and contributions beginning with their first payroll upon rehire.
- 🔄 Complete and certify your plan’s annual census after plan year end.

## Have Questions?

These rules are complex so please don’t hesitate to contact us with any questions regarding LTPT and how it may relate to your retirement plan.

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