Cycle 4 Restatements Are Coming:
What Financial Advisors Need to Know

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Plan Consulting • Administration • Design

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Cycle 4 Restatements Are Coming: What Financial Advisors Need to Know

The retirement plan industry is entering another significant document update cycle. With the IRS expected to release opinion letters for pre-approved defined contribution (DC) plans in August 2026, advisors who work with retirement plan sponsors should begin preparing clients now for the upcoming Cycle 4 restatement process.

While plan document restatements may seem like an administrative burden, the upcoming cycle includes important changes driven by SECURE, CARES, SECURE 2.0, and evolving regulatory guidance. Advisors who understand these developments can help clients avoid costly mistakes and position themselves as valuable strategic partners.

Key Dates and Deadlines to Know

The anticipated Cycle 4 restatement window for defined contribution plans is expected to run from **October 1, 2026, through September 30, 2028.** Although this appears to provide ample time, advisors should remember that the SECURE and SECURE 2.0 amendment deadline remains **December 31, 2026.**

Because these deadlines overlap, it may be confusing to plan sponsors. Retirement Management Services will provide separately the Secure 2.0 Amendments by the end of 2026 and will follow up with the required Cycle 4 document restatement in 2027-2028.

What Advisors Should Expect in Cycle 4

Several important provisions are expected to appear in the new Cycle 4 documents:

LTPT Employee Rules and Plan Design Decisions

Long-term part-time (LTPT) participation rules have been fully integrated into the document language. Employers will have additional elections regarding whether LTPT employees may receive employer matching or nonelective contributions, creating new design opportunities and potential compliance challenges.

Changes to Matching Contribution Provisions

The distinction between "rigid" and "flexible" discretionary matching contributions is expected to disappear. However, plans will need to clearly document match formulas and contribution caps within the plan document itself.

Distribution Enhancements

Cycle 4 documents are expected to incorporate numerous SECURE-related distribution options, including:

- Qualified Birth and Adoption Distributions (QBADs)
- Emergency Personal Expense Distributions
- Qualified Disaster Distributions
- Domestic Abuse Victim Distributions
- Updated Required Minimum Distribution (RMD) rules up to age 73
- Increased involuntary cash-out limits up to $7,000

Advisors should review these provisions carefully with clients, as adding new distribution features can create future anti-cutback considerations. Some record keepers are ready to services these distributions but not all.

Provisions Not Included in Cycle 4 Documents

Despite the broad scope of Cycle 4, several SECURE 2.0 provisions are not expected to be incorporated into the pre-approved document package, including:

- Student loan matching contributions
- Pension-linked emergency savings accounts (PLESAs)
- Hardship self-certification
- Terminal illness distributions
- Qualified long-term care distributions
- Mandatory Roth catch-up requirements
- Mandatory automatic enrollment provisions

Sponsors interested in these features may require separate amendments or future document updates.

Forfeitures: A Growing Fiduciary Concern

One of the most closely watched developments in the retirement plan industry involves the use of forfeitures.

Since 2023, dozens of class-action lawsuits have challenged plan fiduciaries' decisions to use forfeitures to offset employer contributions rather than pay plan expenses. While most courts have dismissed these claims and the Department of Labor has generally supported employers' positions, the issue remains active.

As a result, we are encouraging plan sponsors to revisit forfeiture language during the restatement process and consider adopting provisions that establish a clear order for applying forfeitures.

This may become one of the most important governance discussions advisors have with plan committees over the next several years.

Common Areas of Risk

The areas where document errors commonly occur are:

- Eligibility provisions
- Excluded employee classifications
- Employer contribution formulas
- Allocation requirements
- Vesting schedules
- Customized plan provisions

Advisors involved in plan consulting should encourage sponsors to review these provisions carefully rather than treating the restatement as a routine administrative task.

Additionally, providers using negative-consent approaches should be aware that the IRS does not formally recognize negative elections for plan document adoption. Clear communication and documentation remain essential.

Why Early Preparation Matters

Perhaps the most important takeaway from the upcoming Cycle 4 restatement process is that communication should begin early.

Plan sponsors are already facing significant regulatory changes, and many remain confused about the interaction between SECURE amendments and upcoming restatements. Advisors who proactively educate clients, explain upcoming deadlines, and coordinate with TPAs and document providers will be well positioned to strengthen relationships and demonstrate value.

The restatement window may not officially open until late 2026, but the planning process should begin today.

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Advisor Action Items

✓ Identify clients with pre-approved defined contribution plans.
✓ Review pending SECURE and SECURE 2.0 amendment requirements.
✓ Discuss LTPT employee provisions and distribution elections.
✓ Evaluate forfeiture language and fiduciary governance considerations.
✓ Coordinate timelines with TPAs, recordkeepers, and document providers.
✓ Establish a client communication strategy before the restatement window opens.

By helping sponsors navigate these changes proactively, advisors can transform what might otherwise be viewed as a compliance project into a valuable planning opportunity.

After discussions with any client, potential changes should be communicated to RMS. We would also be happy to be a part of any plan design discussions. Please reach out to your Account Executive as needed.

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