

Plan Sponsor Summary

Long-Term, Part-Time (LTPT) Employee Rule

Overview

The SECURE Acts expanded 401(k) eligibility for long-term, part-time employees. Starting in 2024, certain part-time employees must be given the opportunity to make elective deferrals once they've met minimum service requirements.

Eligibility Rules

Law	Service Requirement	Applies To	Effective Plan Year
SECURE Act (2020)	500 hours in 3 consecutive years	Elective deferrals only	2025
SECURE 2.0 (2022)	500 hours in 2 consecutive years	Elective deferrals + counts for vesting	2025

Key Points for Employers

- You must **track hours starting in 2021** to determine 2024 eligibility.
- Starting in 2025, you'll only need **2 consecutive 500-hour years** (e.g., 2023–2024).
- LTPT employees can make salary deferrals, but you're **not required to provide employer contributions** (such as match or profit sharing).
- Beginning in 2025, **years of service for LTPT employees count toward vesting** for employer contributions if they later become eligible.
- Plans can still **exclude** certain employees by class (union, nonresident alien, etc.), but not solely for being part-time.

For any further questions, please contact your RPC Consultant.

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Participant FAQ

Q: I'm a part-time employee. When can I join the 401(k) plan?

If you've worked at least 500 hours per year for 3 years, you may become eligible to contribute starting in 2024. Beginning in 2025, the rule changes to 2 years — so new part-time employees will qualify sooner.

Q: Do I have to contribute?

No. Participation is optional, but you'll be allowed to make contributions from your paycheck once you're eligible.

Q: Will my employer match my contributions?

Your employer may choose not to make matching or profit-sharing contributions for long-term, part-time employees. Ask your HR or plan administrator to confirm your plan's rules.

Q: Does this affect my vesting or years of service?

Starting in 2025, your hours as a part-time employee will count toward vesting if you later qualify for employer contributions.

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