

# WITHUM ERISA KNOWLEDGE CORNER



WITHUMSMITH+BROWN EMPLOYEE BENEFIT PLAN SERVICES GROUP  
*Helping Retirement Plans “BE IN A POSITION OF STRENGTH”.*

## WHAT IS A “BLACKOUT PERIOD”?

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A blackout period results in a suspension of participant's rights to make changes to their account, including features such as but not limited to: changing investment allocations, changing deferral percentages, requesting loans or distributions. A blackout period could occur for many reasons. The common two reasons a blackout period occurs is when a plan changes recordkeepers or custodians, or a merger or acquisition occurs involving the plan sponsor which leads to the addition of new participants to a plan. The blackout period is necessary when the aforementioned situations occur, because participants' accounts need to be valued before liquidation or transfer to the new service provider or plan. Plan participants, including beneficiaries, must be notified no later than 30 days prior to the blackout period going into effect. The notice must be in written format and include:

- Features/actions which will be unavailable (i.e. contributions, loans, etc.)
- State beginning and end of blackout period (can state “week of”)
- Contact information for a designated person to answer questions

The plan should maintain appropriate documentation that participants were properly notified. Plan sponsors needing information regarding blackout periods are advised to consult with qualified ERISA legal counsel.



### NEED MORE INFORMATION?

If you need more information regarding this or any other topic affecting your retirement plan, visit our **Withum ERISA Knowledge Corner** online or contact us at [ERISAhelp@withum.com](mailto:ERISAhelp@withum.com) to arrange a free consultation today.

*The information contained herein is not necessarily all inclusive, does not constitute legal or any other advice, and should not be relied upon without first consulting with appropriate qualified professionals for your plan's individual facts and circumstances.*