



Retirement Plan News

New IRS Surveys of Plan Sponsors

From time to time the IRS selects a group of Plan Sponsors and surveys them regarding specific data. It appears that such surveys are in progress now.

We have learned that the Internal Revenue Service's (IRS) Employee Plans Compliance Unit (EPCU) is currently working on two projects that may directly affect many of our clients and contacts in the Retirement Plan industry. The IRS is sending questionnaires to groups of Plan Sponsors. While only these pre-selected groups of Plan Sponsors will receive the questionnaires, the information gathered will shape the way the IRS develops compliance monitoring programs for all Plan Sponsors.

401(k) Questionnaire to Evaluate Compliance

The IRS is currently surveying how to evaluate the "health" of 401(k) Plans. The IRS has already started to send out questionnaires to a small group of 401(k) Plan Sponsors. The purpose of these questionnaires is to gather information about a plan's deferral rates, eligibility standards, and compliance with nondiscrimination tests. The information obtained from the responses will be used to identify whether the current IRS compliance programs are being used and working properly and to identify any new non-compliance trends. The IRS will use this information in the development and implementation of strategies/programs to combat compliance issues.

Governmental Plans Questionnaire

On another front, the IRS is also currently distributing a questionnaire to Sponsors of governmental plans to obtain information regarding compliance with applicable federal tax-qualification requirements. While most plans covering governmental employees are exempt from ERISA, many such plans must still satisfy compliance rules in order to maintain tax-deferred status for the participants. The IRS will use the information gathered from this questionnaire to identify areas of non-compliance and develop education and self-correction programs for governmental plans.

If You Receive a Questionnaire, Contact Us

We encourage our clients to contact us if you receive any communications from the IRS regarding your plan. If you receive this questionnaire, it is important that you quickly provide responses to the IRS that are complete and accurate. We are here to answer any questions and assist you in accurately completing the questionnaires. Please watch for these questionnaires.

Should you have any questions regarding *Retirement Plan News*, contact our consulting team at 619-696-7284.