

HICKS NOTES

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IRS POSTS RESOURCES FOR PLAN SPONSORS

Over the last few months, the IRS has provided plan sponsors with many helpful resources to keep their plans in compliance. We applaud their effort as the new and constantly changing regulations bring additional burdens to plan sponsors. As always, we stress that hiring competent professionals, monitoring them and reviewing how they get paid are some of the basic duties of every plan sponsor.

“[A PLAN SPONSOR’S RESPONSIBILITIES](#)”, an IRS publication, outlines your responsibilities as a plan sponsor. They stress the importance of a timely written plan document, administering the plan in accordance with that document and performing an annual review to make sure you are operating under the terms of the plan and all applicable laws. They want you to understand your fiduciary responsibilities and to review the service agreements with your plan service providers to understand who is responsible for each administrative task. Communication with your various advisors is paramount to fulfilling these duties.

A qualified plan must satisfy the Internal Revenue Code in both form and operation. In “[A GUIDE TO COMMON QUALIFIED PLAN REQUIREMENTS](#)”, the IRS outlines twenty one retirement plan requirements and provides question and answers on each of these operational issues. Minimum participation, amendments, vesting, top heavy, distributions, nondiscrimination requirements, funding and reporting and disclosure are all included.

The IRS states “Note that problems often arise from changes in personnel, procedures, payroll systems or new service providers such as accountants, attorneys, actuaries or third-party administrators. Employers that have experienced any of these changes should give special scrutiny to operational requirements affected by the change”. We agree. New personnel changes are always difficult and an annual review of procedures is a must.

In “[INTERNAL CONTROLS PROTECT YOUR RETIREMENT PLAN](#)”, the IRS stresses that sponsors need to have internal controls that including Plan Operations Review and Plan Document Updates.

Within Plan Operations Review, they review “eligible employee” rules and link to “[policies, procedures and internal controls self-audit](#)” to help review your plan operations. You need to verify that you operate the plan according to the plan documents including calculating employer contributions, and processing participant loans and distributions. I can speak from personal knowledge that these areas are ripe for audit and the areas where many mistakes are made.

They give examples of internal control procedures: types of compensation used, plan limits, marital status of participants and calculating years of service for vesting and eligibility. They also provide links to addition resources at the bottom of this article.

“[CORRECT YOUR RETIREMENT PLAN ERRORS](#)” discusses how plan errors happen, why you should correct errors and an explanation and links on the various correction programs. There is also a link to Fix-It Guides to help you correct and avoid common mistakes made in various types of plans. They also suggest you review “[Fixing Common Plan Mistakes](#)”.

Need help or have questions? Please contact us [here](#). We work with this everyday and know how to move through this labyrinth of regulations. Better to do it right the first time than deal with an IRS or DOL audit. We are here to help.

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