

## **What is the PPA Restatement? Defined Contribution Plans**

From time-to-time, all qualified retirement plans are required to be updated to reflect recent legislative and/or regulatory changes. Some of these updates are made through plan amendments, but others require plan documents to be completely rewritten (a process known as 'restating' the plan).

In 2005, the Internal Revenue Service implemented a six-year amendment/restatement cycle program for pre-approved Master & Prototype (M&P) and Volume Submitter pension plans. Based on this schedule, the next amendment and restatement of defined contribution plans, known as the "PPA" restatement, began on May 1, 2014 and ends on April 30, 2016.

The PPA restatement includes plan document changes due to the following amendments:

- Final 415 Regulations updating the definition of post-severance compensation
- Pension Protection Act of 2006 (PPA) covering provisions such as automatic enrollment, non-spouse beneficiary rollovers, and accelerated vesting.
- Heroes Earnings Assistance and Relief Act of 2008 (HEART) which included qualified plan rights of those serving in the military, death/disability benefits and the treatment of differential wage payments.
- Small Business Jobs Act of 2010 permitting the rollover of non-Roth distributable accounts to Roth accounts with the same plan.
- Worker, Retiree and Employer Recovery Act of 2008 (WRERA) covering the elimination of gap-period income on refunds of excess deferrals and optional provisions related to automatic contribution arrangements, waiver of 2009 RMDs and PPA technical corrections.

Regardless of the type of qualified plan, plan sponsors are required to maintain fully executed copies of all plan documents, amendments and restatements since the inception of the plan. If your plan is audited by the Internal Revenue Service, they will ask to see signed plan documents and will review to make sure they are up to date for all required remedial amendments.

If you did not timely adopt a required update or you are unable to locate a signed copy, the IRS offers a [voluntary correction program](#) that allows you bring your plan document back into compliance for a fee that is much lower than the penalties that could otherwise be imposed.

This is the perfect opportunity to add or revise your current plan to better fit your business needs. It could be eligibility, vesting or adding a safe harbor provision. If you have a 401(k) and would like to make a larger contribution, a Defined Benefit plan might better suit your needs.