

Information Regarding PPA Restatement Process Defined Benefit Plans

The IRS and Congress are continually changing pension laws without need for simultaneous amendments of the plans' themselves. 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, defined benefit plans must be restated and adopted by April 30, 2020.

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

- **Pension Protection Act of 2006 (PPA '06)** reforms funding requirements, increases the tax deduction limits, changes rules for calculating lump-sum distributions and restricts benefit payouts from underfunded plans.
- **Workers, Retiree, and Employer Recovery Act of 2008 (WRERA)** provides technical corrections regarding the determination of target normal cost, payment of small benefits, and cash balance vesting requirements.
- **Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act)** provides for special distribution options payable on the death of a plan participant while performing military service and the use of "differential pay" for requirement plan purposes.
- **Pension Relief Act of 2010 (PRA 2010)** provides funding relief for plan sponsors whose plan assets have declined due to downturn in the economy and market volatility. This law impacted plan funding and administration for plan years beginning after December 31, 2007.
- The IRS 2012 Cumulative List of Plan Qualifications requirement includes all required changes.
- **2017 Required Amendments List** covers statutory and administrative changes in qualification requirements that may require an amendment.

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.

To make this restatement as cost effective as possible, NH Hicks has purchased a plan document system from Datair. Datair is the sponsor of the pre-approved plan document and you will see their name on various pages of the plan document. Your company will remain the sponsor of your plan. Using this system, we will produce pre-approved restated plan documents, which include all the necessary law changes.