



Strategic Update

Ideas, news and tips from Pension Strategies

September 2014

What's on the IRS/DOL Radar Screen?

Industry experts at the summer American Society of Pension Professionals and Actuaries (ASPPA) reviewed the IRS or DOL plan audit list and provided great suggestions on how to be ready if your plan is audited:

- 401(k) Election Forms:** In a 401(k) Plan every eligible employee should sign a payroll deferral election form, even company owners. Salary deferral election forms are **ESPECIALLY** important when the plan offers a matching contribution. Government agencies want proof that the participants were offered an opportunity to participate in the plan. The signed election form is all the proof you will need on audit. The election form you have on file should always match the amount that is being withheld from the employee's pay check. Consider doing a special request for all employees to complete a new form if you aren't sure your files are up to date.
- 401(k) Bonus Elections:** If an employee receives a bonus or overtime pay, does the company withhold 401(k) contributions from the bonus? Does the plan document say bonuses are included or excluded from 401k salary deferrals? Do some employees "ask" 401(k) deferrals to apply and others "ask" not to? IRS and DOL are looking for consistent treatment from one employee to the next. Call us if you would like to review your procedures to make sure they comply with your plan document. If you would like to change the plan document to match your practice, let us know and we can include that in the upcoming PPA plan document restatement.
- Un-Cashed Checks:** There is an issue when a terminated participant does not cash their benefit distribution check. The participant's benefit is not truly paid out until the check is cashed and in larger plans, there could be thousands of dollars in un-cashed checks. Do you keep track of un-cashed checks and follow up until they are paid?
- IRS/DOL Questionnaires:** Have you received a Questionnaire from the IRS or DOL? These agencies are sending letters to plan sponsors across the country asking questions about their retirement programs. Not responding to the letter is likely to trigger a full IRS or DOL audit, so please don't ignore it and call us if we can help you complete the questionnaire.



September 15, 2014 Funding deadline for calendar year plans and the extended due date for most company tax returns.

October 1, 2014 Deadline to establish a new Safe Harbor 401(k) Plan for 2014.

October 15, 2014 Form 5500 filing deadline for calendar year plans.

[About Pension Strategies](#)

[Join Our Mailing List!](#)

requirement, but most other plans need bonding to complete their Form 5500. If your forms are due October 15th and your bond is out of date or needs to be increased to cover your growing assets, please contact your P & C agent.

If you just started your plan or added an employee and now need a bond, we frequently work with Colonial Surety Company. Colonial Security specializes in ERISA and Fiduciary bonds.

Feel free to contact their service representative, Jaime Bocca at (201) 949-1132 or email her at jbocca@colonialsurety.com. Tell her Pension Strategies referred you and use the referral code AZ0374 so she can provide your new bonding information directly to us. *Please note that we receive no commission or financial incentive.*

Here is a link to the bond request form to get started:

[Bond Request Form - Colonial Surety](#)

Alert: IRS 5500-EZ Pilot Program

The IRS has launched a pilot program for late 5500-EZ filers to catch up on delinquent returns with no penalty fee and no sanction fee. The program is only open for one year - June 2, 2014 through June 2, 2015.



Form 5500-EZs are for plans that cover only owners and previously had to rely on the IRS to waive penalties for late filers by outlining a "reasonable cause" for late filing. If your plan has already received a penalty notice, you won't be able to use this program, but for everyone else this is a program long overdue. The program will be expanded after a one year trial, but may include a significant "user fee" in the future. Please take advantage of this option while it lasts.

Please let us know if you would like us to address any topics in upcoming issues of Strategic Update. We're here to be your best resource in the Retirement Planning industry.

Sincerely,
Jack Lawless, CPA, APM
Pam Johnson, QPA, CPC
Jill Hastings, JD
David Schattenberg, APA, Senior Consultant
Mallory Young, Senior Consultant
And the entire Pension Strategies team