

## ■ RETIREMENT PLAN CORRECTION PROGRAMS

Minimize the effects of plan errors

Comply with the law

Protect participant benefits



## INTERNAL REVENUE SERVICE

### TAX EXEMPT & GOVERNMENT ENTITIES DIVISION EMPLOYEE PLANS

The IRS system of retirement plan correction programs, the Employee Plans Compliance Resolution System (EPCRS), helps employer sponsors protect participant benefits and keep their plans within the requirements of the Internal Revenue Code. The EPCRS encourages plan sponsors to correct plan errors *earlier rather than later*. More information is available at [www.irs.gov/ep](http://www.irs.gov/ep).

#### **IS THERE A WAY TO CORRECT MISTAKES MYSELF?**

Yes! Under the Self Correction Program (SCP) many plan errors can be corrected without IRS involvement.

- No notification of IRS required; no fees or penalties to IRS; plan and its participants keep tax benefits. Of course, you can also ask for IRS assurance about correcting these mistakes, too, through the VCP program.

#### **WHAT IF OUR MISTAKES CAN'T BE CORRECTED IN THIS "DO-IT-YOURSELF" PROGRAM?**

The Voluntary Correction Program (VCP) works for plan errors not eligible for self-correction.

- Errors are corrected and the tax benefits of the plan are preserved for plan participants and the plan sponsor with IRS help and approval.

#### **AND WHAT HAPPENS IF IRS AUDITS MY PLAN?**

- Errors corrected under SCP or VCP are not treated as errors when the IRS audits your plan.
- For other errors found during an IRS examination, help is available through the Audit Closing Agreement Program (Audit CAP). These errors can be corrected and tax benefits preserved for plan participants and sponsors with fees greater than those available under VCP but less than the impact of the plan losing its tax benefits.

## **U.S. DEPARTMENT OF LABOR**

### **EMPLOYEE BENEFITS SECURITY ADMINISTRATION (EBSA)**

EBSA protects the assets of employee benefit plans (both retirement and health) under the Employee Retirement Income Security Act (ERISA). Among the key areas EBSA oversees are the critical responsibilities of those who exercise discretion over retirement and health plans.

EBSA has two voluntary self-correction programs for plan administrators who need help in meeting ERISA requirements:

- The **Delinquent Filer Voluntary Compliance (DFVC)** program assists late or missed Form 5500 filers in coming up to date with corrected filings.
  - Visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa) for more help.
  - To view the Form 5500, visit [www.efast.dol.gov](http://www.efast.dol.gov).
  - To speak with a DOL representative, call the Office of the Chief Accountant at (202) 693-8360 (not a toll-free number).
- The **Voluntary Fiduciary Correction (VFC)** program affords plan sponsors and officials the chance to self-correct delinquent participant contributions and 14 other violations prohibited under ERISA.
  - For a list of violations and corrective actions, and the address of EBSA regional offices that can help with applications, visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

## PENSION BENEFIT GUARANTY CORPORATION (PBGC)

PBGC insures pension benefits in most private, traditional defined benefit pension plans. PBGC is financed by annual insurance premiums paid by companies whose plans the agency covers. When a covered plan terminates without sufficient money to pay all benefits, PBGC pays the participants of the plan, up to legal limits. PBGC's *Small Business Guide* is designed to help small business owners meet PBGC requirements.

PBGC provides incentives for you to self-correct late filings or other errors.

### **HAVE YOU MISSED YOUR PREMIUM DEADLINE OR UNDERPAID YOUR PREMIUM?**

If you voluntarily self-correct the underpayment before PBGC sends you a notice of premium delinquency or a premium audit, your monthly penalty rate will be reduced by 80 percent (from 5 percent to only 1 percent of the unpaid premium). We waive premium penalties if there is reasonable cause or in other appropriate circumstances.

### **HAVE YOU OVERLOOKED A REQUIRED REPORT OR NOTICE, OR HAVE YOU DONE THE REPORT OR NOTICE IMPROPERLY?**

In general, we assess lower penalties for failure to provide required information where the failure is quickly corrected or involves a small plan. We waive information penalties if there is reasonable cause or in other appropriate circumstances. And, it is a mitigating factor if you self-correct.

**DO YOU HAVE PLAN ADMINISTRATION QUESTIONS REGARDING PREMIUMS, PLAN COVERAGE, PLAN TERMINATION, PARTICIPANT NOTICES, REPORTING REQUIREMENTS, OR PENALTIES?** For information or compliance assistance, call PBGC's toll-free practitioner line (1-800-736-2444). Visit PBGC's Web site at [www.pbtc.gov](http://www.pbtc.gov) for forms and instructions, frequently asked questions (FAQs), laws, regulations, and other guidance, including PBGC's *Small Business Guide*.

## MISTAKES IN BENEFIT PLANS CAN — AND DO — HAPPEN.

**These Federal agencies have programs ready to help:**

■ IRS ■ U.S. Department of Labor ■ Pension Benefit Guaranty Corporation



**READ ON TO LEARN MORE**

## FOR MORE INFORMATION

### **IRS, EMPLOYEE PLANS, TAX EXEMPT AND GOVERNMENT ENTITIES**

For information on the Employee Plans Compliance Resolution System visit [www.irs.gov/ep](http://www.irs.gov/ep), click on "More Topics" and look for "Correction." Order *Retirement Plan Correction Programs*, Publication 4050, a free CD-ROM with information on IRS, DOL, and PBGC retirement plan correction programs by calling 1-800-829-3676 or on the IRS Web site, [www.irs.gov/ep](http://www.irs.gov/ep), and click on "Educational Services." Subscribe to the IRS' free retirement plan newsletter, *Employee Plans News*, at [www.irs.gov/ep](http://www.irs.gov/ep).

### **U.S. DEPARTMENT OF LABOR, EMPLOYEE BENEFITS SECURITY ADMINISTRATION**

Visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa) for fact sheets on the agency's two self-correction programs, guides to ERISA compliance, and more. Call toll-free 1-866-444-ebsa (3272) for copies of many of the publications featured on the Web site.

### **PENSION BENEFIT GUARANTY CORPORATION**

Visit [www.pbgc.gov](http://www.pbgc.gov) for a copy of the PBGC's *Small Business Guide* and other guidance on PBGC premium and filing penalty relief. Call the PBGC toll-free practitioner line at 1-800-736-2444.



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