

**Employee Benefit Plan**  
**Limitations on Contributions and Benefits**  
*(Worksheet Number 6 - Determination of Qualification)*

**INSTRUCTIONS** - All items must be completed unless the contrary is specifically provided. A "Yes" answer indicates a favorable conclusion is warranted while a "No" answer indicates a problem exists. Please use the space on the worksheet to explain any "No" answer. Numbers in brackets refer to EDS paragraph numbers. See Publication 7001, Explanation Number 6, for guidance in completing this form.

**Note:** *This worksheet has only been updated with respect to defined contribution plans.*

The technical principles in this worksheet may be changed by future regulations or guidelines

Name of Plan

**I. General Definitions**

Plan Reference

Yes

No

N/A

a. If the employer uses a limitation year other than the calendar year, has a proper election been made? [0602]

b. Does the plan's definition of compensation satisfy the requirements of the IRC section 415(c)(3) and the regulations? [0603]

**II. Limitations On Contributions—Defined Contribution Plans and Certain Defined Benefit Plans**

Note: If the plan is a defined benefit plan, complete this Part II only if the plan provides for employee contributions or employer contributions to an individual account to provide post-retirement medical benefits. (See Part IV.a. of this worksheet.)

a. Does the plan define annual additions in accordance with the Code and regulations? [0611]

b. Are annual additions on behalf of any participant during the limitation year limited to the lesser of (i) 100% of the participant's compensation or (ii) \$40,000 adjusted for cost-of-living increases pursuant to section 415(d)? [0612]

c. Does the plan provide a mechanism by which excess annual additions due to (i) a reasonable estimation of a participant's annual compensation, or (ii) a reasonable error in determining the amount of elective deferrals under section 402(g)(3), or (iii) an allocation of forfeitures are reduced, in accordance with one of the methods described in the regulations? [0613]

d. If the plan provides for contributions on behalf of participants who have become permanently and totally disabled, as defined in §22(e)(3), does the plan provide for the continuation of contributions on behalf of all such disabled participants for a fixed or determinable period (if not, contributions may only be made for non-highly compensated employees that become disabled) and are contributions nonforfeitable when made?

e. If the employer maintains another qualified defined contribution plan (or a defined benefit plan to which employee contributions are made, or under which employer contributions are made to an individual account to provide post-retirement medical benefits), do the provisions of the plan or plans preclude the possibility that the limitations of this Part II will be exceeded when all such plans are treated as one plan? [0615, 0616]

**III. Limitations on Benefits—Defined Benefit Plans Only**

a. Is the annual benefit to which any participant is entitled, during the limitation year, limited to the lesser of (i) 100% of the participant's average compensation for the high three years of service, or (ii) \$90,000 (or such larger amount as adjusted for cost-of-living increases pursuant to section 415(d))? [0621]

	Plan Reference	Yes	No	N/A
b. (i) For limitation years beginning before January 1, 1995, if the plan provides for a retirement benefit which is payable in a form other than a straight life annuity, is the benefit adjusted to an actuarially equivalent straight life annuity for purposes of applying the limitation in III. a., using an interest assumption no less than the greater of 5 percent or the rate specified in the plan?				
(ii) For limitation years beginning after December 31, 1994, if the plan provides for a retirement benefit which is payable in a form other than a straight life annuity, are all plan benefits, including benefits accrued before the first day of the first limitation year beginning after December 31, 1994, adjusted to an actuarially equivalent straight life annuity taking into account the interest rate and mortality table required under RPA '94 and SBJPA '96?				
(iii) If the answer to III.b.(ii) is "Yes," complete the remainder of Part III beginning with III.c., and skip Part VI. If the answer to III.b. is "No," skip III.c. and III.d., complete III.e. through III.k., and complete Part VI. [0651, 0652, 0653]				
c. If the plan provides for a retirement benefit which is payable in a form other than a straight life annuity, and the benefit is not subject to section 417(e)(3), is the benefit, for purposes of applying the limitation in III.a., adjusted to an actuarially equivalent straight life annuity that is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) specified in the plan, and the equivalent annual benefit computed using an interest rate of 5 percent and the applicable mortality table under Rev. Rul. 95-6? [0651, 0652, 0653]				
d. If the plan provides for a retirement benefit which is payable in a form other than a straight life annuity, and the benefit is subject to section 417(e)(3), is the benefit, for purposes of applying the limitation in III.a., adjusted to an actuarially equivalent straight life annuity that is equal to the greater of the equivalent annual benefit computed using the interest rate and mortality table (or other tabular factor) specified in the plan, and the equivalent annual benefit computed using the 30-year Treasury security rate (the applicable rate) and the applicable mortality table under Rev. Rul. 95-6? [0651, 0652, 0653]				
e. If the plan provides a retirement benefit beginning at or after age 62, but before social security retirement age (SSRA), is the benefit limited to a \$90,000 (or the adjusted dollar limitation in III.a.) annual benefit reduced by:  (i) in the case of a participant whose SSRA is 65, 5/9 of 1% for each month by which benefits commence before the month in which the participant attains age 65, or				
(ii) in the case of a participant whose SSRA is greater than 65, 5/9 of 1% for each of the first 36 months and 5/12 of 1% for each of the additional months (up to 24) by which benefits commence before the month in which the participant attains SSRA? [0656, 0657, 0658, 0659]				
f. If a plan provides a retirement benefit beginning before age 62, is the benefit limited to the reduced limitation for benefits commencing at age 62, calculated as provided in III.e. above, with the dollar limitation for benefits commencing at age 62 further reduced for each month by which benefits commence before the month in which the participant attains age 62 so that such limitation is the lesser of the equivalent amount computed using the interest rate and mortality table (or tabular factor) used in the plan for actuarial equivalence for early retirement benefits, and the amount computed using 5 percent interest and the applicable mortality table (to the extent that the mortality decrement is used prior to age 62), regardless of whether the benefit is or is not subject to section 417(e)(3)? [0656, 0657, 0658, 0659]				

	Plan Reference	Yes	No	N/A
g. If the retirement benefit under the plan may begin after SSRA, does the plan provide for an increase in the maximum dollar limitation on benefits that is the lesser of the equivalent amount computed using the interest rate and mortality table (or tabular factor) used in the plan for actuarial equivalence for late retirement benefits, and the amount computed using the 5 percent interest and the applicable mortality table, regardless of whether the benefit is or is not subject to section 417(e)(3)? Note: A plan is not required to provide this increased maximum dollar benefit. [0660, 0661]				
h. If the plan provides a minimum retirement benefit that otherwise exceeds the limitations on benefits in III.a., is such benefit provided only to a participant whose retirement benefits under the plan and all other defined benefit plans of the employer do not, in the aggregate, exceed \$10,000 for the limitation year? [0630]				
i. If a participant has less than 10 years of service at the time the participant begins to receive retirement benefits under the plan, are the benefit limits determined in III.a., or if applicable III.h. reduced by multiplying those limits by a fraction, the numerator of which is the number of years of service with the employer as of, and including, the current limitation year, and the denominator of which is 10? [0631, 0632, 0633]				
j. If a participant has less than 10 years of participation at the time the participant begins to receive retirement benefits under the plan, are the benefit limits determined in III.a.(ii) reduced by multiplying those limits by a fraction, the numerator of which is the number of years of participation with the employer as of, and including, the current limitation year, and the denominator of which is 10? [0631, 0632, 0633]				
k. If the employer maintains, or at one time maintained, another qualified defined benefit plan, do the provisions of the plan or plans preclude the possibility that the limitations of this Part III. will be exceeded when all such defined benefit plans are treated as one plan? [0634, 0635]				
<b>IV. Limitations on Contributions and Benefits—Both Defined Benefit and Defined Contribution Plans Maintained by the Employer</b>				
a. For limitation years beginning before January 1, 2000, if this plan is a defined contribution plan and the employer maintains, or at any time maintained, a qualified defined benefit plan, or if this plan is a defined benefit plan and the employer maintains, or at any time maintained, a qualified defined contribution plan, do the provisions of the plan preclude the possibility that, with respect to any participant for a limitation year, the sum of the defined benefit plan fraction and the defined contribution plan fraction will exceed 1.0? (For this purpose a provision for employee contributions in a defined benefit plan is treated as a separate defined contribution plan.) [0636, 0637]				
b. For limitation years beginning before January 1, 2000, does this plan provide for the required adjustment in the computation of the defined benefit and defined contribution plan fraction denominators if the plan is or becomes a top-heavy plan subject to the requirement of section 416(h)(2)? [0638]				
c. For limitation years beginning on or after January 1, 2000, if this plan incorporates the limitations of IRC section 415 by reference, and an amendment was adopted to preclude a benefit increase that would otherwise occur when the repeal of section 415(e) becomes effective for the plan (i.e., on the first limitation year beginning on or after January 1, 2000) does the amendment satisfy Q&A-7 of Notice 99-44? [0639]				
d. For limitation years beginning on or after January 1, 2000, if this plan does not incorporate the limitations of IRC section 415 by reference, was an amendment adopted to eliminate all provisions relating to section 415(e), with such amendment effective no earlier than the first day of the first limitation year beginning on or after January 1, 2000? [0640]				
e. Under this plan, are benefit increases that reflect the repeal of section 415(e) for current or former employees provided only to employees or former employees that are participants with an accrued benefit under the plan on or after the repeal's effective date, as provided in Q&A-3 of Notice 99-44? [0662]				

V. Special Rules—Plans In Existence on May 6,1986	Plan Reference	Yes	No	N/A
a. If this is a pre-TRA '86 plan, did it satisfy the limitations of section 415 prior to amendment by TRA '86 for all limitation years beginning before 1987? [0641]				
b. If the plan is a pre-TRA '86 defined benefit plan, does it provide for the preservation of a participant's current accrued benefit as of the close of the last limitation year beginning before 1987? [0642, 0643]				
c. If the plan is a pre-TRA '86 defined contribution plan, does it provide for a reduction in the numerator of the defined contribution fraction where the plan is aggregated with a pre-TRA '86 defined benefit plan and the sum of the defined benefit fraction and defined contribution fraction exceeds 1.0? [0644]				
d. If this is a defined benefit plan, does it provide that any excess accrued benefits (i.e., accrued benefits which exceed the TRA '86 benefit limitations on account of establishment of the plan after May 5, 1986, or changes in the terms and conditions of the plan or cost-of-living adjustments after that date, and which therefore are not protected current accrued benefits) are eliminated as of the first day of the first limitation year beginning after 1986? [0646]				
<b>VI. Special Rules—Plans in Existence on December 7,1994</b>				
a. If this is a pre-RPA '94 defined benefit plan, did it satisfy the limitations of section 415 prior to amendment by RPA '94 and SBJPA '96? [0647]				
b. If this is a pre-RPA '94 defined benefit plan, does it provide that the new interest rate and mortality table required under section 415(b)(2)(E) as amended by RPA '94 and SBJPA '96 will not apply to a participant's accrued benefit (including any annuity starting date or optional benefit form) determined in accordance with the terms of the plan as in effect as of a specified date(s) (freeze date(s))? [0648]				
c. Is the accrued benefit under VI.b. determined after applying section 415 as in effect on December 7, 1994, including the participation requirements of section 415(b)(5), and without taking into account increases in the dollar limitation (for defined benefit plans) that become effective after the freeze date?				
d. Is the freeze date under the plan a date (or dates) that is not later than the day before the earlier of (1) the later of the date a plan amendment is adopted or made effective, and (2) the first day of the first limitation year beginning in 2000?				
e. Is section 415(b) applied to benefits under the plan using one of the following three general methods:				
(i) If the plan provides a retirement benefit that is not payable in the form of a straight life annuity, is the equivalent annual benefit computed separately with respect to (1) benefits accrued as of the date specified in VI.b. above, and (2) the portion of the total plan benefit, if any, that exceeds the benefits accrued as of the date specified in VI.b. above, and is the accrued benefit after limitation by section 415 not less than the accrued benefit as of the freeze date (limited to the extent required under Q&A-15 of Rev. Rul. 98-1)?				
(ii) If the plan provides a retirement benefit that is not payable in the form of a straight life annuity, is the equivalent annual benefit computed with respect to the total plan benefit, using the new interest rate and mortality table required under section 415(b)(2)(E) as amended by RPA '94 and SBJPA '96, and is the accrued benefit after limitation by section 415 not less than the accrued benefit as of the freeze date (limited to the extent required under Q&A-15 of Rev. Rul. 98-1)?				
(iii) Does the plan limit benefits only to the extent necessary to satisfy VI.e.(i) or VI.e.(ii) above? [0649]				

	Plan Reference	Yes	No	N/A
f. If VI.b. is "Yes," are determinations under section 415(b) that are made before the date in VI.d., above, and that are made with respect to the benefit accrued as of the freeze date, based on the plan rate and plan mortality table under the provisions of the plan, and section 415(b)(2)(E), in effect on December 7, 1994? [0649]				
g. If VI.b. is "Yes," are determinations under section 415(b) that are made before the date in VI.d. above, and that are made with respect to the portion of the total plan benefit, if any, that exceeds the benefits accrued as of the freeze date, based on the plan rate and plan mortality table under the provisions of the plan in effect on the date of determination and in accordance with the changes made to section 415(b)(2)(E) by RPA '94 and SBJPA '96? [0649]				
h. Does the plan preclude increases in the frozen accrued benefit described in VI.b., above? [0650]				