



IRS Releases Findings from 401(k) Plan Compliance Check Questionnaires

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The IRS recently released an interim report summarizing its findings from a “compliance check” questionnaire that was sent to a broad sampling of 401(k) plans in 2010. The **questionnaire** was sent to a representative sample of 401(k) plan sponsors of all sizes. The response rate was very high—98% of the 1,200 plans that received the questionnaire completed it.

The **IRS report** provides considerable information on the current design and administration practices of the surveyed plans. The IRS report summarizes the types of plan documents plan sponsors are using, the sources of employee and employer contributions to plans, the distribution options offered by plans, the nondiscrimination testing methods used by plans, and the extent to which plan sponsors are using IRS correction processes to correct administrative errors, among other items. Because the report reflects a particularly broad sampling of plans, it is a valuable resource for 401(k) plan sponsors who strive to keep their plans current and competitive. Plan sponsors may also find that completing the questionnaire itself (on their own or with the help of their advisors) is a useful exercise that will help in spotting compliance issues or plan design alternatives that are not otherwise evident.

The IRS plans to release a final report on the questionnaires by the end of 2012. The final report is expected to be even more comprehensive, and in particular is expected to highlight the differences found between large and small plans.

More Information

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