

WILL YOUR 401(k) PLAN PASS AN AUDIT?

The IRS and DOL have increased the number of 401(k) plan audits they conduct each year. **Will your plan make the grade if you are inspected today?**

The scope of the audit may be limited if you can demonstrate that you have established good internal controls to protect your retirement plan, improve communication, minimize mistakes, and comply with federal law.

Some internal controls the DOL and/or IRS may look for:

- Confirmation that all eligible employees were timely included in the plan
- Comparison of salary deferral election forms with the amounts deducted from employees' wages
- Verification that all of the types of compensation used for allocations, deferrals, match and testing are in accordance with the plan document
- Checking that plan service providers received accurate compensation and ownership records
- Monitoring annual contribution and compensation limits
- Verification that years of service were accurately determined for eligibility and vesting
- Verification of marital status and spousal consent for plan distributions
- Ensuring that participants received required minimum distributions
- Verification that all distributions are being made according to the plan rules
- Ensuring that employee elective deferrals are deposited in a timely manner

WE CAN HELP!



Prevent costly mistakes that can jeopardize the plan's tax-favored status



Discover operational errors quickly (which may allow self-correction of those errors)



Limit the scope of plan audits by demonstrating strong internal controls



Reduce possible sanctions that may arise if errors are discovered during a plan audit