IRS

Desk Side Chat…With Monika Templeman - 401(k) Compliance Check Questionnaire Interim Report

Monika Templeman, Director of EP Examinations, responds to questions and offers insights on retirement plan topics uncovered during audits. You may provide feedback or suggest future topics by emailing her at: RetirementPlanComments@irs.gov.

On February 3, we posted the 401(k) Compliance Check Questionnaire Interim Report to share information from the responses with the retirement plans community. It is my pleasure to share my thoughts about the Interim Report and how the data may be used.

Section 401(k) plans are the most popular plan in the United States, with more than 500,000 plans covering more than 60 million Americans. We wanted to understand 401(k) compliance issues and check the health of the form and operation of these plans because they affect so many Americans. We also wanted to learn how our IRS programs are working for plan sponsors and administrators.

We randomly selected 1,200 401(k) plan sponsors to complete the online Questionnaire. The response rate was excellent; my sincere thanks to the 98% of plans sponsors who responded. We followed up with audits of the 2% of plans that did not complete the Questionnaire.

The completed Questionnaires show that 57% of the respondents visit www.irs.gov/retirement for 401(k) plan information and 65% of plan sponsors are aware of our plan correction programs (Employee Plans Compliance Resolution System). These findings indicate that we need to improve awareness of our resources for administering plans and correcting errors.

We encourage you to use the Questionnaire as an internal control tool to review your plan for compliance issues. If you find mistakes, use our 401(k) Fix-It Guide to help correct them. Also, visit our correcting plan errors Web page for additional information.

The findings in the Report could help you make decisions about your plan, including features to consider and pitfalls to avoid. For your convenience, the Report's Executive Summary section highlights our findings.

In Employee Plans, our next steps are to use the Questionnaire's findings, together with other data, to improve compliance by:

- enhancing our 401(k) plan administration compliance tools,
- producing outreach materials for plan participants and plan sponsors,
- improving the IRS voluntary correction programs,
- assessing the need for further formal guidance, and
- defining future projects and enforcement activities.

We plan to release the Questionnaire's final report by the end of 2012. The final report will provide more in-depth information, including identifying the differences between large and small plans. It will also include more information on questions not analyzed in the Interim Report.

If you have any comments or questions about this report, I would like to hear from you. Please send them to RetirementPlanComments@irs.gov.

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