



401(k) Compliance Check Questionnaire Interim Report - FAQs

What is the purpose of the 401(k) Interim Report?

The 401(k) Interim Report was prepared by the Tax Exempt and Government Entities Division (TE/GE) of the IRS to share information from the 401(k) Compliance Check Questionnaire with the retirement plans community and other interested parties. 401(k) plans are the most common form of retirement plan in the United States. Currently, more than 500,000 section 401(k) plans cover approximately 60 million Americans.

What is the 401(k) Compliance Check Questionnaire?

The 401(k) Compliance Check Questionnaire was an on-line compliance check for the 1,200 randomly selected plan sponsors to complete. It was administered by the Employee Plans Compliance Unit (EPCU) and analyzed by TE/GE Research.

What was the purpose of the 401(k) Compliance Check Questionnaire Project?

The key objectives are:

- measure the health (overall compliance levels) of section 401(k) plans,
- identify the principal tax compliance issues affecting section 401(k) plans,
- evaluate the effectiveness of EP's voluntary compliance programs and tools, and
- determine how the IRS can foster greater compliance.

What is in the 401(k) Interim Report?

The Interim Report summarizes the results from the 401(k) Questionnaire responses received from a random sample of 401(k) plan sponsors that filed Form 5500 for the 2006 through 2008 plan years. The findings are generalized to the 401(k) plan population that files Form 5500 and explains the sample selection and analysis methods.

Topics covered include demographics, plan participation, employer and employee contributions, top-heavy and nondiscrimination testing, distributions and plan loans, other plan operations, designated Roth features, IRS correction programs, and plan administration. Open-ended responses to narrative questions are also summarized in this report.

The Interim Report includes information on the responses to many, but not all questions included in the questionnaire. Information on questions not discussed in this Interim Report will be included in a final report.

Who received the Questionnaire and how did they provide their responses?

As previously stated, we randomly selected 1,200 section 401(k) plan sponsors to complete the 401(k) questionnaire via a secure website. This was the first online compliance check questionnaire used by TE/GE. Ninety-eight percent of the plans that received the questionnaire responded.

A representative sample of the 401(k) universe was selected and stratified based on plan size, as defined by number of participants. The four strata of plans were as follows: 0-5 participants; 6-100 participants; 101-2,500 participants; and more than 2,500 participants. The results presented in the report are generalized to the section 401(k) plan population that files the Form 5500, through the use of strata weights. Responses based on plan size will be broken out in the final report.

Responses to the 401(k) Questionnaire are as self-reported and have not been verified by the IRS.

What happened to non-responders?

Follow-up actions were taken in the case of all non-responders. The plans of all intentional non-responders were examined.

Where can I locate the 401(k) Interim Report?

The report is posted on the Retirement Plans Community website, www.irs.gov/retirement.

What are the next steps?

We will use the Questionnaire's findings to:

- modify and improve our 401(k) plan compliance tools,
- produce outreach materials,
- improve voluntary compliance programs,
- assess the need for additional guidance, and
- define upcoming projects and enforcement activities

We are preparing a final report that will include comparisons based on the four plan size stratifications detailed in the *Sample Method* section of this report. These breakdowns will identify differences between small and large plans. The final report will also include information on questions not analyzed in the interim report.

When will the Final Report be released?

We expect to release the report in December, 2012.