



401(k) Compliance Check Questionnaire Interim Report

- [Interim Report](#) (PDF – 65 pages)
- [Comments](#) from Monika Templeman, Director of EP Examinations
- [FAQs](#) regarding the Interim Report
- [Phone Forum](#) - listen to our March 6, 2012 session about the Interim Report

The 401(k) Compliance Check Questionnaire Interim Report summarizes the responses we received from 401(k) plan sponsors that filed Form 5500 for the 2006 through 2008 plan years.

The 401(k) Questionnaire requested information in the following areas: demographics, plan participation, contributions, designated Roth features, distributions, top-heavy and nondiscrimination testing, IRS correction programs and plan administration.

[Next Steps and Web Resources](#)

The following chart contains highlights of the findings from the Questionnaire.

Highlights of Findings	
Response	% of Plans Reporting
Plan Type	
Plan is a safe harbor 401(k)	43%
Plan is a SIMPLE 401(k)	5%
Plan uses a pre-approved plan document	86%
Employee Contributions	
Participants may change deferral elections at any time	41%
Participants may change deferral elections only once a year	2%
Catch-up contributions allowed	96%
Designated Roth contributions allowed	22%
After-tax contributions other than designated Roth allowed	4%
Elective deferrals - increase in per-participant dollars from 2006-2008	58%
Elective deferrals - decrease in per-participant percentages of compensation deferred from 2006-2008	52%
Plan did not require distributions of contributions in excess of 402(g) limit for 2006-2008	94%
Employer Contributions	
Provide matching contributions	68%
Require one year of service to be eligible for matching contributions	58%
Provide nonelective (profit sharing) contributions	65%
Suspended or discontinued matching in 2006	1%
Suspended or discontinued matching in 2008	4%
Suspended or discontinued nonelective contributions in 2006	2%
Suspended or discontinued nonelective contributions in 2008	5%
Reduced nonelective contributions in 2006	1%
Reduced nonelective contributions in 2008	5%
Participation	
No service requirement	13%
One-year service requirement	54%
Age 21 restriction	64%
Top-Heavy	
Plan was top-heavy in 2008	20%
Resolve top-heavy issues by making minimum contributions to non-key employees	79%
Nondiscrimination Testing	
Correct excess contributions within 2 ½ months following the end of the year of the excess	50%+
Correct ADP testing failures by distributing excess aggregate contributions	75%+
ADP test – use current year method	60%
ADP test – use prior year method	31%
Distributions	
Allow in-service withdrawals	62%
Permit hardship distributions	76%
Permit direct rollover distributions	79%
Most common form of benefit	Lump sum
Permit participant loans	65%
Investments	
Allow investments in employer securities	1%

Allow investments in assets held overseas	1%
Plan Administration	
Use a third-party administrator for plan administration	53%
Third-party administrators are responsible for making timely plan amendments	73%
Third party administrators are responsible for preparation of Form 5500	83%
Determination Letters	
Sponsor has requested a determination letter from the IRS	23%
EPCRS	
Plan sponsor is aware of EPCRS	65%
Used EPCRS and found it helpful	50%+

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