

# PLAN DOCUMENT MAINTENANCE:



United Retirement Plan Consultants

National network. Local experts.

Avoid Costly Penalties by Keeping Your Plan Documents Up to Date

## WHY IS DOCUMENT MAINTENANCE IMPORTANT?

Plan Sponsors who fail to timely amend their plan documents risk significant financial consequences.

### LOSS OF TAX BENEFITS

Non-amender failures may cause the plan to lose its qualified status, meaning the plan will no longer be eligible for favorable tax treatment.

### PENALTIES AND FINES

Plans with non compliant documents risk significant penalties and fines if this failure is later discovered during an examination or audit. These potentially can be five-figure fines.

## WHEN ARE AMENDMENTS REQUIRED?



### Changes in Tax Laws

A formal written plan document is a basic requirement of all tax qualified Pension, Profit Sharing and 401(k) plans and must be amended when changes in the tax laws impact the plan. These changes occur often, due to new laws enacted by Congress or new regulations issued by the IRS or DOL. The IRS generally establishes a firm deadline by which plan amendments that reflect tax law changes must be adopted.



### Every five or six years

Depending on the type of plan documents, the IRS requires plans to be amended and restated every five to six years.

## STRATEGIES TO KEEP DOCUMENTS UP TO DATE

### REVIEW THE PLAN ANNUALLY

At least once per year, plan sponsors should review their plan documents as part of their ongoing fiduciary oversight of the plan. Clients of URPC can rest assured that URPC maintains IRS-approved documents, and tracks the deadlines for required plan updates.

### SET UP A REMINDER SYSTEM

Using a calendar "tickler" system can help remind plan sponsors to conduct an annual review and ensure that important amendment deadlines are not overlooked.

### KEEP RECORDS IN A CENTRAL LOCATION

Plan sponsors must be able to show that they have timely adopted a written plan document and all necessary amendments. Missing plan documents may indicate that the plan has not been properly updated.

### CONTACT YOUR SERVICE PROVIDERS

Generally, service providers will send amendments for formal adoption. When they provide these amendments, it is important to respond in a timely manner and in accordance with their instructions.

### We Help By Being 'More Than A TPA'

At United Retirement Plan Consultants, we serve 10,000 clients with retirement plan assets totaling nearly \$12 billion and covering more than 300,000 participants. Every day we strive to put our collective expertise – ASPPA and NIPA credentialed plan consultants, on-staff ERISA attorneys and retirement plan actuaries – to work for our clients.



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