

This checklist is a General Base description of plan requirements, and should only be used for educational purposes and to a substitute a complete plan review.

For Business Owner's Use

Each year it's important that Plan Sponsors review the requirements for maintaining proper operation of a Pension plan. This checklist provides a general base to assist with that task. To ensure proper operation and compliance with many of the important rules seek assistance from a Pension Professional like VLR Administrators for additional information(including examples) on how to find, fix and avoid each mistakes."

**1. Has your plan document been updated within the past few years (PPA 2015)?**

Yes  No

If your plan hasn't been updated to reflect recent law changes, the plan needs to be revised.

**2. Are the plan operations based on the plan document terms?**

Yes  No

Failure to follow the terms of the plan is a common problem found on audit.

**3. Is the plan definition of compensation for all deferrals and allocations used correctly?**

Yes  No

Your plan may use different definitions of compensation for different purposes. It's important that you apply the proper definition found in your plan document.

**4. Were employer matching contributions made to appropriate employees under the plan terms?**

Yes  No

The plan terms must be followed when allocating employer matching contributions.

**5. Has the plan satisfied the 401(k) ADP and ACP nondiscrimination tests each year current and prior?**

Yes  No

Most 401(k) plans must satisfy yearly ADP/ACP nondiscrimination tests. SH Plans still need to verify

**6. Were all eligible employees identified and given the opportunity to make an elective deferral?**

Yes  No

information regarding all employees who receive a Form W2, you may reduce the risk of omitting eligible employees.

**7. Are elective deferrals limited to the IRC Section 402(g) limits for the calendar year?**

Yes  No

Failure to distribute deferrals in excess of the 402(g) limit may result in additional taxes and penalties to the participant and employer.

**8. Have you timely deposited employee elective deferrals?**

Yes  No

You should deposit deferrals as soon as they can be segregated from the employer's assets.

**9. Do participant loans meet the plan document and IRC Section 72(p) requirements?**

Yes  No

Defaulted loans or loans in violation of IRC Section 72(p) may be treated as a taxable distribution to the participant.

**10. Were hardship distributions made properly?**

Yes  No

If a plan allows hardship distributions, the plan terms must be followed.

**11. Were top-heavy minimum contributions made?**

Yes  No

If the plan is top-heavy, minimum contributions for non-key employees are required.

**12. Was Form 5500 filed each year?**

Yes  No

Many 401(k) plans must make an annual filing with the Federal government.

**If you answered "no" to any of the above questions, you may have serious issues that need to be addressed immediately. As stated above this list is only a guide and an official plan review may be needed to address operation failures. Many mistakes can be corrected easily, without penalty and without notifying the IRS or DOL. Give us the opportunity to assist contact our Plan Sponsor Service Team at:**

[plansponsor@vlradministrators.us](mailto:plansponsor@vlradministrators.us) 215-397-3077