

## **GOOD NEWS! IRS ISSUES MORE LENIENT RULES FOR CORRECTING PLAN ADMINISTRATIVE ERRORS**

Several welcome changes to the Employee Plans Compliance Resolution System (EPCRS) were recently announced by the IRS. The major changes include (1) Late enrollment of participants and related employee deferrals, (2) fixing loans to plan participants, and (3) correction of overpayment of plan participant benefits. These changes are good news for employers with retirement plans and those who assist them.

Participants eligible for automatic enrollment plans that are not timely enrolled will no longer be entitled to an employer contribution equal to 50% of the missed deferrals. Consistent with the IRS encouraging automatic enrollment plans as socially desirable, no employer contribution is required other than any associated matching contributions that would be payable had the automatic deferrals begun timely. In order for an employer to be eligible for the new rule, the automatic deferrals must begin by the end of the month following the month that the employee notified the employer or, if earlier, 9.5 months after the close of the plan year in which the failure began. The affected employee must be notified within 45 days after correct deferrals begin. Similar timing and notice rules apply if an employee's affirmative election to defer under *any* 401(k) plan is not timely implemented. If these rules are followed, no employer contribution (other than associated matching contributions) is required if the deferrals begin within three months of the requested deferral start date. Failures that extend beyond three months will require an employer contribution equal to 25% of the missed deferrals plus any matching contributions.

If an employer fails to meet one or more of the requirements for issuing participant loans (e.g., -

maximum amount, repayment limits, etc.), correction through a filing with the IRS is permitted under their Voluntary Correction Procedure (VCP). If the submission involves only loan failures that do not exceed 13 occurrences, affects less than 25% of participants, and loan failures are the only failures being submitted, the VCP fee is \$300.

The new rules are found in IRS Revenue Procedures 2015-27 and 2015-28 and include new guidance concerning correction of overpayments where the employer paid benefits in excess of the amount called for by the plan.

## **DOL RELAXES DEADLINE FOR PARTICIPANT FEE DISCLOSURES**

The Department of Labor (DOL) announced on March 18, 2015 that the deadline for issuing participant notices concerning fee disclosure will be liberalized in a final regulation. The disclosure is required for defined contribution retirement plans that permit participant investment direction of their plan assets. The change can be relied upon immediately if it benefits participants and will otherwise be effective June 17, 2015.

Prior to the March announcement, the DOL required the fee disclosure "at least annually." This meant that no more than 365 days could pass between annual notices. As a result of this rule, many employers kept track of the exact date of disclosure and carefully released the next annual notice several days before the anniversary of the prior notice release. This practice results in the deadline slowly moving earlier every year ("deadline creep"). The problem is now resolved by the final DOL regulations specifying that *an annual notice must be provided within 14 months of the previous year's disclosure notice.*

## IRS CHANGES DETERMINATION LETTER PROCESS

In response to shrinking resources, the IRS announced some new process changes for retirement plan related submissions, along with offering hints as to possible future changes. Applicants must now complete a “Procedural Requirements Checklist” formerly completed by IRS personnel and are encouraged to complete and submit other checklists to aid the IRS staff. In order to reduce IRS time spent on incomplete applications, these are returned to the applicant who must perfect the submission within 30 days *from the date of the IRS letter, or their IRS user fee may be forfeited.* The IRS also announced that they will review only pre-approved 403(b) plan documents, once 403(b) pre-approved plans are in place. If a 403(b) plan document is individually designed, the plan will not be eligible to request a determination letter. Finally, IRS officials have informally stated at recent conferences that they may stop review and approval of *all* plans, except for plan establishment and termination.

## MAY 2015 REMINDERS

**May 15** – Forms 5500 series and Form 8955-SSA are due for Plan Years ending July 31, 2014 if they are on extension.

**May 15** – Retirement plan employer contributions are due if contributions are claimed as deductions on tax returns due May 15, 2015, including returns on extension.

**May 15** – Minimum funding requirements for defined benefit, money purchase, and target benefit plan years ended August 31, 2014 must be met by May 15 in order to avoid excise taxes.

**June 1** – Forms 5500 series and Form 8955-SSA are due for Plan Years ending October 31, 2014, unless an extension applies.

## HOW ARE WE DOING? PLEASE COMPLETE THE NRS CLIENT SATISFACTION SURVEY!

We are grateful and thankful for the strong response to our Client Satisfaction Survey! In an effort to maintain high level client satisfaction, we need client feedback! The content of these replies will be sent directly to Executive Management. This survey takes less than 2 minutes to complete. To access the Client Satisfaction Survey, [please click here.](#)

As always, NRS truly values your continued business!

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