



SIMPLE Solutions for SIMPLE IRA Plan Mistakes

**Tax Exempt and Government Entities
Employee Plans
2010 IRS Nationwide Tax Forum**



Retirement Plan Assistance

- www.irs.gov/ep
 - Fix-It Guides
 - Information on Correcting Plan Errors
- (877) 829-5500
- RetirementPlanQuestions@irs.gov
- Newsletters



SIMPLE IRA Fix-It Guide

Common Problems, Real Solutions

- Found @ www.irs.gov/ep
- Common mistakes
- Tips on how to:
 - Find mistakes
 - Fix mistakes (Applicable IRS correction programs)
 - Avoid mistakes
- Click “More” to find examples



SIMPLE IRA Plan Overview

- What is a SIMPLE IRA plan?
- How is a SIMPLE IRA plan set up?
- Which employees may participate?
- Required contributions?
- Basic distribution rules?
- Filing requirements?



EPCRS Overview

- Self-Correction Program
 - Insignificant failures only
 - No IRS contact or fee
- Voluntary Correction Program
 - IRS approval of correction, \$250 fee
- Audit Closing Agreement Program
 - Sanction imposed
 - Higher than VCP fee - Ouch!



Streamlined VCP Submission Available!

- Appendix F Streamlined application
 - Fillable .pdf document
- Common errors in SIMPLE IRA plans
- Easy to fill in and submit
- Visit “Correcting Plan Errors” @ www.irs.gov/ep



Common Mistake: Ineligible Employer

- More than 100 employees with comp \geq \$5,000
- Sponsors other retirement plan



Common Mistake: SIMPLE IRA Plan Not Current

- IRS model plans
- Prototype plans
- Individually designed plans



Common Mistake: Eligible Employees Not Participating

- \$5,000 compensation
 - Current year and
 - Any prior 2 years
- Less restrictive requirements?
 - OK!



Common Mistake: Required Employer Contributions Not Made

- All eligible employees
- Terminated employees
 - 2% of employee's compensation or
 - Up to 3% employee deferral match



Common Mistake: Salary Deferrals Not Deposited Timely

Should be made:

- Earliest administratively feasible date
- No later than 30 days following the month in which the deferrals were withheld



Fix-It Guides - Common Problems, Real Solutions

- 401(k)
- SEP
- SARSEP
- “Correcting Plan Errors”
Web page
- www.irs.gov/ep
- Questions?