

## Employee Plans News

### Issue 2013-5, September 27, 2013

[Employee Plans Guidance phone forum](#) (October 29, 2 p.m. EDT) – learn about EP’s Priority Guidance Plan and other projects for the new fiscal year (Oct. 2013 – Sept. 2014)

[Approvals for change in plan year](#) – single-employer defined benefit pension plan sponsors can’t get automatic approval to change the plan year to delay MAP 21 PBGC premium increases

[Reminder notices](#) to file Form 5500-EZ or 5500-SF if you did last year

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## Employee Plans Guidance Phone Forum

### The Employee Plans Team Audit Program - October 29, 2013

Join us for an overview of retirement benefit items on the 2013-2014 Priority Guidance Plan released on August 9 and other projects in EP Technical Guidance. Please [email](#) your questions by October 22, 2013.

[Registration Link](#) - after registering, you’ll receive an email with detailed access instructions.

**Date:** October 29, 2013

**Time:** 2:00 Eastern

**Duration:** 60 Minutes

**Evaluation:** After attending the forum, please complete and send [Form 14364](#), *Continuing Education Evaluation*, to [ep.phoneforum@irs.gov](mailto:ep.phoneforum@irs.gov).

## Single Employer Defined Benefit Plans - Changing Plan Years

The Moving Ahead for Progress in the 21st Century Act changed many items for single-employer defined benefit plans, including giving significant funding relief by allowing plans to use a 25-year average interest rate. At the same time, MAP-21 increased the annual Pension Benefit Guaranty Corporation premium each year beginning in 2013.

Recently, the IRS has received questions from practitioners and pension plan sponsors asking if and how single-employer defined benefit pension plan sponsors may change a plan year to delay the effect of MAP 21 PBGC premium increases for a plan.

Sponsors have asked if a change in plan year for this purpose is eligible for automatic approval under Revenue Procedure 87-27. The revenue procedure notes that an automatic IRS approval for a change in plan year isn't granted if the change would "...delay the time when the plan would otherwise have been required to conform to the requirements of any statute, regulation or published position of the Service." "Any statute" includes a statute changing PBGC premiums, not only those changing provisions of the Internal Revenue Code. Because of this, automatic approval is **not** available for a change in plan year if it delays the effect of PBGC premium increases. This is true even if the delay is merely a side effect of the change and not the plan sponsor's primary reason for changing the plan year.

Sponsors have also suggested that a change in plan year is eligible for automatic approval because the MAP-21 effective date has passed and future increases in PBGC rates are just phase-ins. However, under Rev. Proc. 87-27, automatic approval isn't permitted for any change in plan year that delays the effect of a statute, regardless of whether that delay is only for one year or for a number of years in the future, such as the phase-in of PBGC premium increases.

If a change in plan year is not eligible for automatic approval, plan sponsors may file for approval using IRS [Form 5308](#), *Request for Change in Plan/Trust Year*. However, when we review requests for approval to change the plan year, we look for a business reason for making the change – not a change just to achieve a certain result. For example, if the plan sponsor wants to align a plan year with its fiscal year, or collect data on a calendar year rather than a fiscal year basis, we'd consider granting approval for the change (taking the plan's facts and circumstances into account) even if the change in plan year also has the effect of delaying an effective date.

A plan sponsor thinking of changing a plan year should keep in mind the implications of this decision. In most cases, changing the plan year means making other changes such as:

- moving the plan's annual actuarial valuation date (which may require system changes and changes to internal procedures for collecting data), and
- shifting timetables for coordinating with the plan's actuary, auditor, trustee, and other providers.

Changing a plan year also increases the risk that the plan sponsor may miss a key deadline (for example, for contributions, notices, and reporting) because these deadlines change when the plan year changes.

## Related resources

- [Premium Rates](#)
  - [MAP-21: Changes to Segment Rates phone forum](#) (held on September 27, 2012) - audio and presentation.
  - [MAP-21: New Funding Rules for Single-Employer Defined Benefit Plans](#)
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## Understanding Your CP 214 Notice

*You received this notice because you filed Form 5500-EZ for a retirement plan last year (or you filed Form 5500-SF in place of a Form 5500-EZ for a one-participant plan). This notice is a reminder of your filing requirements.*

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### What you need to do

- Since the [CP 214](#) is a reminder notice, you don't have to respond to the IRS.
  - Review your records to determine if you're required to file a Form 5500-EZ (or 5500-SF as a one-participant plan filer) for the current plan year. If you are, file it by the last day of the 7th calendar month after the end of the plan year (July 31 for calendar-year plans).
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### You may want to...

- Review the instructions for Form 5500-SF on the Department of Labor's [Form 5500 page](#) to see if you're eligible to file electronically on Form 5500-SF as a one-participant plan filer.
  - Visit the [Form 5500 Corner](#) for links to forms and instructions.
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## Answers to Common Questions

### Why did I receive a CP 214 notice?

Each year, we mail a CP 214 notice, Filing Requirements Reminder, to everyone who filed Form 5500-EZ (or Form 5500-SF as a one-participant plan filer) in the previous year. The notice:

- summarizes the filing requirements for one-participant plans and certain foreign plans,

- asks the recipient to verify whether or not the plan will be required to file Form 5500-EZ or 5500-SF, if eligible, for a plan year, and
- explains the penalties that may be assessed if a required return isn't filed by its due date.

Our records show that you previously filed [Form 5500-EZ, Annual Return of One-Participant \(Owners and Their Spouses\) Retirement Plan](#), or [Form 5500-SF, Short Form Annual Return/Report of Small Employee Benefit Plan](#) in lieu of a paper Form 5500-EZ. This notice is a reminder that annual filing requirements apply to certain employers who have a one-participant or a certain type of foreign retirement plan. Use the information in this notice to determine whether you're required to file.

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### **When are CP 214 notices sent?**

The CP 214 notice is sent to two months before the plan year ends.

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### **What should I do if I receive a CP 214 notice?**

Review your records to determine if you're required to file a Form 5500-EZ (or 5500-SF) for the current plan year. If you are, you must file the return by the last day of the 7th calendar month after the end of the plan year (July 31 for calendar-year plans). You may use [Form 5558, Application for Extension of Time to File Certain Employee Plan Returns](#), to apply for a one-time extension of time to file.

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### **What should I do if the EIN, plan name or plan number on our filed return doesn't match the notice?**

As indicated on the notice, mail or fax us:

1. A copy of the notice, and
2. A statement explaining why the information on the notice doesn't match the information on the return (the statement should explain why the return was filed under a different sponsor name, EIN or plan number)

#### **Mail:**

Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0020

**Fax:**

(801) 620-7116

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**What should I do if I receive a CP 214 notice but I'm not required to file a return?**

Since the CP 214 is a reminder notice, you don't have to respond.

You aren't required to file a Form 5500-EZ or 5500-SF for the plan year if the plan's total assets (either alone or in combination with another one-participant plan you maintain) are \$250,000 or less, unless this is the final plan year. For more information, see [Form 5500-EZ Instructions](#) and the second page of the notice.

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**What should I do if I'm required to file a return?**

If you're required to file, you must file the return by the last day of the 7th calendar month after the end of the plan year.

You may file either:

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  1. Form 5500-SF – filed electronically using the Department of Labor's online filing system, [EFAST2](#), or
  2. Form 5500-EZ – filed on paper by mailing it to:  
Department of the Treasury  
Internal Revenue Service  
Ogden, UT 84201-0020

You may use Form 5558 to apply for a one-time extension of time to file. See the [Form 5500 Corner](#) for forms and instructions.

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**Who is responsible for filing the Form 5500-EZ or 5500-SF?**

The plan sponsor is responsible for filing annual Form 5500-EZ or 5500-SF.

In some cases, the plan sponsor may have a contract with an outside administrator who may complete the form. However, the plan sponsor or plan administrator is responsible for the accuracy of the filing and must sign the return. To determine if your contract with an outside administrator covers the completion of the form, review your contract.

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### **What are the penalties on late-filed or incomplete Form 5500-EZ and 5500-SF returns?**

The Internal Revenue Code imposes a penalty of \$25 a day (up to \$15,000) for not filing returns in connection with pension, profit-sharing, etc., plans by the required due date.

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### **Is there any way to reduce late filer penalties?**

The IRS will consider a “reasonable cause” statement submitted explaining why the return is late. Submit a reasonable cause statement with the late Form 5500-EZ explaining why the return was late.

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### **Who should I contact with questions about a CP 214 notice?**

Call IRS [Employee Plans Customer Account Services](#) at (877) 829-5500 (toll-free) for questions about the notice and Form 5500-EZ or 5500-SF filing requirements. You may also email us general questions at [RetirementPlanQuestions@irs.gov](mailto:RetirementPlanQuestions@irs.gov). For additional information on 5500-series returns, see the [Form 5500 Corner](#).

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### **Where should I send replies to a CP 214 notice?**

Since the CP 214 is a reminder notice, you don't need to respond. However, if you want to send a response (for example, if the EIN on the notice is incorrect), here's how to contact us.

#### **Mail:**

Internal Revenue Service  
Ogden, UT 84201-0018  
Attention: EP Entity Unit, Mail Stop 6273

#### **If using a private delivery service:**

Internal Revenue Service  
1973 N. Rulon White Blvd.  
Ogden, UT 84404  
Attention: EP Entity Unit, Mail Stop 6273

**Fax:**

(801) 620-7116

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**Tips for next year**

Consider filing your one-participant plan return electronically by using the Form 5500-SF on the EFAST2 system. Filing electronically makes the process easier for the filer and increases data accuracy. See the [Frequently Asked Questions about EFAST2](#).

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**Additional resources:**

- [Form 5500 Series Forms and Instructions](#) (including 5500-SF)
- [Instructions for Form 5500-EZ](#)
- [Retirement Plans Forms and Publications](#)