

Employee Plans News

Issue 2015-2, February 27, 2015

[Correction options for 457\(b\) plans](#) – EP Voluntary Compliance is not available for form errors

[March webinars:](#)

- Highlights of the Second Cycle E Determination Letter Application Process – March 5, 2015, at 2 p.m. Eastern
- Retirement Plan Loans to Participants – March 26, 2015, at 2 p.m. Eastern

[my Social Security account](#) – with it, your clients can get a replacement SSA-1099 or SSA-1042S online

Updated:

[PBGC Insights](#)

[Publication 4484](#), *Choose a Retirement Plan for Employees of Tax Exempt and Government Entities*

[Form 8955-SSA](#), *Annual Registration Statement Identifying Separated Participants With Deferred Vested Benefit* ([Instructions](#))

457(b) Plan Submissions to Voluntary Compliance

Some plan sponsors, under limited circumstances, may submit requests for voluntary correction to the IRS for their Code Section 457(b) retirement plans ([Revenue Procedure 2013-12, Section 4.09](#)). The IRS Employee Plans Voluntary Compliance (VC) team will consider these requests on a provisional basis outside of the Employee Plans Compliance Resolution System ([EPCRS](#)). VC retains complete discretion to accept or reject these requests. If accepted, VC will issue a special closing agreement. VC will not consider any issue relating to the form of a written 457(b) plan document. Also, governmental plan sponsors do not have to make a submission to VC to voluntarily fix problems with their 457(b) plans.

Voluntary Compliance will not process submissions that involve the form of the written 457(b) plan

We have received several submissions alleging that a written 457(b) plan was not timely adopted, or amended for some tax law or income tax regulation. VC will not issue closing agreements for these matters and will decline to process these requests and

refund any payments. Plan sponsors are reminded that the remedial amendment concepts and definitions in [Revenue Procedure 2007-44](#) do not apply to 457(b) retirement plans.

Plan sponsors who want the IRS to review their 457(b) plan document or consider any other document form issue may request a private letter ruling. See [Revenue Procedure 2015-1](#) (or annual successor revenue procedure) for details.

Governmental plan sponsors can self-correct

Governmental plan sponsors may self-correct their 457(b) plans if they did not comply with the Code or regulations. Governmental entities have until the first day of the plan year that begins more than 180 days after the IRS notifies them of the failure to correct their plan failures (IRC Section [457\(b\)\(6\)](#) and Treasury Regulation Section [1.457-9\(a\)](#)). Considering the time governmental entities have to self-correct plan errors, they may not need to make voluntary submissions to the IRS in most cases.

If a governmental plan sponsor needs to request additional relief or simply wants IRS approval for a correction method for a non-plan document failure, they may make a submission to VC as permitted by Revenue Procedure 2013-12, Section 4.09. The plan sponsor must indicate that they are aware of the self-correction rule in IRC Section 457(b)(6) and Treasury Regulation Section 1.457-9, but still wants to proceed with a written VC application. Plan sponsors should include this statement and [Form 8950, Application for Voluntary Correction Program \(VCP\)](#) ([instructions](#)) with their submission.

Send your questions about submitting a request for voluntary correction for a 457(b) retirement plan to TEGE.EP.VC@irs.gov.

Additional resources

- [457\(b\) Deferred Compensation Plans](#)
 - [Employee Plans Voluntary Closing Agreements](#)
 - [Correcting Plan Errors](#)
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March Webinars

Highlights of the Second Cycle E Determination Letter Application Process – March 5, 2015

Learn about:

- Who may submit during the second Cycle E
- What you must include with your application
- How we will process your application
- What are the new reference lists
- What changes you must make to your plan (Notice 2014-77 - 2014 Cumulative List)

Please [send](#) us your general questions by February 27, 2015.

[Register](#) and you'll receive a confirmation e-mail.

Time: 2:00 p.m. Eastern

Duration: 60 minutes

Retirement Plan Loans to Participants – March 26, 2015

Learn about:

- What type of plans can make loans to participants
- What are the conditions a plan must follow to make loans
- What are the required terms of a plan loan
- How plan loans may be taxable under IRC Section 72(p)
- When plan loans violate the prohibited transaction rules of IRC Section 4975
- How to fix plan errors involving loans

Please [send](#) us your general questions by March 20, 2015.

[Register](#) and you'll receive a confirmation e-mail.

Time: 2:00 p.m. Eastern

Duration: 60 minutes

PBGC Insights

New form requirement for standard and distress terminations

PBGC posted new forms and instructions for standard and distressed terminations (see [Plan Terminations](#)). A plan administrator in a standard termination (or a distress termination that closes in the private sector) must now submit, with the post-distribution certification, the most recent plan document and proof of benefit distributions for lump sums paid and annuities purchased with any post-distribution certification filed on or after March 1, 2015. For more information, contact standard@pbgc.gov or distress@pbgc.gov.

Premiums for 2015 Plan Years

- Flat-rate Premiums - \$57 for single-employer plans and \$26 for multiemployer plans.
- Variable Rate Premiums (VRP) for Single-Employer Plans - \$24 per \$1,000 of unfunded vested benefits which is capped at \$418 times the number of participants. Plans sponsored by small employers (generally fewer than 25

employees) may be subject to an even lower cap. See [Premium Rates](#) at [PBGC.gov](#) for more details.

- Wait to submit those 2015 premium filings. See [What's New for Practitioners](#), also at [PBGC.gov](#), for My PAA updates to learn when 2015 filings will be allowed.

Deactivation of unused My PAA accounts

- Log into your My PAA account at least once a year or it will be deactivated.
- If you're no longer using your account, please contact a premium representative to deactivate your account. Send a message to premiums@pbgc.gov or call 800-736-2444 and select "2" for premiums.
- For account details, see the FAQ: "[What are the password rules and how do I set up/change my account.](#)"