

A Plan Sponsor's Responsibilities

Congratulations! You have an employee retirement plan in place! Of course, you want to do the right things to run your plan. Let us help you with some tips.

Remember that you, the employer, are responsible for keeping your plan in compliance.

- Your plan document must be written to comply with all requirements in the Internal Revenue Code.
- Your plan must be administered to follow its terms in operation.
- [Review](#) your plan annually to make sure it's operating according to its terms and the law.

Double-check the options you selected in your adoption agreement.

If you buy a pre-approved plan, you may have an adoption agreement. The adoption agreement is a supplement to the basic plan document and lists plan features from which you may choose. The adoption agreement becomes part of your plan. Know what your adoption agreement says about:

- When your employees are eligible to participate in the plan;
- Types and amounts of allowable plan contributions;
- How employer contributions are divided among participants;
- When participants are vested; and
- When and how benefits are paid.

Know what your service agreement does and doesn't cover.

All plans require certain administrative tasks. Know who is going to do these tasks and make sure that person has the information they need to:

- Review the plan document for law changes and update it as necessary.
- Enforce the plan's terms for participation, contributions and distributions.
- Give the required plan notices to the participants.
- File required forms and documents with the IRS or Department of Labor.
- Determine any required testing and timely conduct it.
- Maintain records for participant accounts.
- Invest the plan funds and determine any associated fees.
- Learn about your [fiduciary responsibilities](#).
- Bring the plan [back into compliance](#) (if it becomes non-compliant) and pay any fees associated with this process.

Communicate with your pre-approved plan provider.

Pre-approved plans are a convenient, easy way to start a retirement plan, but your responsibility doesn't end once your plan is adopted. You should:

- Learn what fees you'll be charged by the pre-approved plan provider.
- Keep the IRS issued opinion or advisory letter for your pre-approved plan.
- Promptly sign any plan amendments the pre-approved plan service provider sends you.
- Send copies of plan amendments from your pre-approved plan to your plan administrator.
- Inform your provider if:
 - you make changes to your business, employees or their compensation.
 - you need to make changes to your plan's terms, for example, change your matching or contribution formula.

Communicate with your plan service provider.

Communicate frequently with your plan service provider and/or payroll department for:

- New hires, re-hires, terminations and compensation changes
- Accurate payroll compensation amounts for each participant
- Census data for determining plan eligibility and benefit payments
- Data necessary to accurately identify highly compensated employees
- Plan terms for defining employee contributions, plan payments and loans
- Any plan amendments, for example, changes to the plan's:
 - definition of compensation
 - hardship withdrawal provisions
 - loan provisions
 - contribution or allocation formulas

Keep up with your ongoing plan maintenance responsibilities.

These tasks will help you keep your plan running smoothly and remain qualified for tax benefits.

- Review your service provider's reports:
 - review the allocation report for possible contribution errors.
 - review the distribution report to ensure that participants have timely started their required minimum distributions and consented to these payments.
- If your plan allows participant loans, ensure that:
 - loans were made according to the plan's terms;
 - participants' account balances were adequate to support the loan;
 - participants make their loan repayments timely; and that
 - you act on defaulted loans.
- For hardship withdrawals, keep documents that show the participant's need.
- Review your plan's terms to ensure you are following them.
- Get an independent review of your plan. - An independent reviewer may see something that has been overlooked by others, which could save money for you and your employees and may improve benefits.

Keep up with the rules.

- Many plans annually file [Form 5500](#). Distributions are reported on [Form 1099-R](#).
- **Correct mistakes now.**
If you find a mistake in your plan, the IRS has [correction programs](#) so you can correct mistakes early--often without penalty and without notifying the IRS.

Free IRS Assistance:

- www.irs.gov/retirement – Retirement plan information and FAQs
- [Fix-It Guides](#) -Tips on how to find, fix and avoid common mistakes in retirement plans
- [Publications/Products](#)
 - **IRS Publications:**
 - [Publication 560](#)
Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)
 - [Publication 590](#)
Individual Retirement Arrangements (IRAs)
 - [Publication 3998](#)
Choosing A Retirement Solution for Your Small Business
 - [Publication 4118](#)
Lots of Benefits when you set up an employee retirement plan
 - [Publication 4222](#)
401(k) Plans for Small Businesses
 - [Publication 4224](#)
Retirement Plan Correction Programs
 - [Publication 4333](#)
SEP Retirement Plans for Small Businesses
 - [Publication 4334](#)
SIMPLE IRA Plans for Small Businesses
 - [Publication 4336](#)
SARSEP for Small Businesses
 - [Publication 4407](#)
SARSEP - Key Issues and Assistance
 - **Department of Labor Publications:**
 - [Meeting Your Fiduciary Responsibilities](#)
An overview of the basic fiduciary responsibilities applicable to retirement plans under the law.
 - [Understanding Retirement Plan Fees and Expenses](#)
This booklet will help you better understand and evaluate your plan's fees and expenses.
 - [401\(k\) Plan Fee Disclosure Tool](#)
A form that helps employers make cost-effective decisions and compare plan service providers investment fees and administrative costs.
 - [Selecting An Auditor For Your Employee Benefit Plan](#)
Information to assist you, as plan administrator to select an auditor and review the audit work and report.
 - [Reporting and Disclosure Guide for Employee Benefits Plans](#)
A quick reference tool for certain basic reporting and disclosure requirements.