

## Retirement News for Employers

July 6, 2015 Edition

[IRS Nationwide Tax Forums](#) – Attend retirement plans session on SEP and SIMPLE IRA plans

### Form 5500 series:

- [Changes to Forms 5500 for 2014](#) – Form 5500 line items
- [Penalty Relief Program for Form 5500-EZ Late Filers](#)

### Correcting plans:

- [Use participants' correct compensation](#) for SEP contributions
- [Revised procedures](#) remind plan sponsors they have flexibility in handling overpayment errors
- [Sponsoring a 403\(b\) plan](#) - make sure you have your 501(c)(3) status or meet another eligibility requirement
- [New lower fees](#) for correcting some plan errors

### Retirement savings tips:

- [Mid-year retirement savings check-up](#)
- [How to take responsibility](#) for your retirement

### Upcoming:

- [Mark your calendar](#) – retirement plan deadlines

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## Changes to Forms 5500 for 2014

The 2014 Form 5500-series returns have these changes as [released](#) by the Department of Labor.

Form/Schedule	Changes made to form/schedule
Form 5500	<p>Line A, multiple-employer plans - updated and, if selected, you must include an attachment listing information for each participating employer along with a good faith estimate of each participating employer's share of the total contributions for the year.</p> <p>Line 6a(1) - "Total number of active participants at the beginning of the plan year" is new for 2014.</p>

Form 5500-SF	<p>Line A - updated to include more information on multiple-employer plans and to add an option for foreign plans.</p> <p>Lines 5d(1) - "Total number of active participants at the beginning of the plan year" and 5d(2) "Total number of participants at the end of the plan year" are new for 2014.</p> <p>Line 5e - you must now provide the number of participants that terminated employment during the plan year with accrued benefits that were not fully vested.</p>
Form 5500 – Schedule H	Line 1c (13), Form 5500 instructions - enhanced to set out what is an investment company registered under the Investment Company Act of 1940.
Form 5500 – Schedule MB	Line 4f - new and requires plans in critical status to provide information about the plan year in which a plan is projected to emerge from critical status or, if the rehabilitation plan is based on forestalling possible insolvency, the plan year in which insolvency is expected.
Form 5500 – Schedule SB	<p>Line 3 - updated to report the vested and total funding targets separately for each type of participant.</p> <p>Line 11b - split into :</p> <ul style="list-style-type: none"> <li>• Line 11b(1) is the calculation based on the prior year's effective interest rate.</li> <li>• Line 11b(2) is the calculation based on the prior year's actual return.</li> </ul> <p>Line 15 instructions - modified for situations in which the AFTAP was not certified for the plan year.</p> <p>Line 27 - modified to reflect funding changes under the Cooperative and Small Employer Charity Pension Flexibility Act of 2014 for impacted defined benefit plans.</p>

EFAST will allow you to submit complete electronic returns for the current and three prior plan years; therefore, any Form 5500 filings for plan years prior to 2011 filed after January 1, 2015, must be submitted on 2014 forms. You must attach correct-year Schedules B, SB, MB, E, P, R, and T to your filing as PDF images tagged as "Other Attachments."

See the Department of Labor's [Form 5500 Version Selection Tool](#) for information on which version of the Form 5500 and Schedules you should use.

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## New Revenue Procedure Updates EPCRS

[Revenue Procedure 2015-27](#), released March 27, 2015, modifies but does not replace the Employee Plans Compliance Resolution System ([EPCRS](#)) Revenue Procedure [2013-12](#). Changes include:

- **Recoupment.** Clarifies correction rules for overpayments made to participants and requests public comments on recoupment of plan overpayments
- **Excess contributions.** Modifies the Self-Correction Program (SCP) for IRC Section 415(c) failures
- **Fees.** Lowers compliance fees for certain VCP submissions
- **Submission forms.** New acknowledgement letter form and other VCP model document changes
- **Miscellaneous.** Miscellaneous modifications to correction rules and revision of citations and cross references

## Revenue Procedure 2013-12 not superseded

Use Revenue Procedure 2015-27 with the existing EPCRS revenue procedure – the new revenue procedure does not completely replace the existing guidance. Revenue Procedure 2015-27 modifies only specific targeted sections of Revenue Procedure 2013-12.

## Correction of overpayment failures

The revenue procedure clarifies existing correction rules for overpayments paid to plan participants. Plans have some flexibility to correct this plan failure and don't have to secure overpayments from affected plan participants or beneficiaries in every situation.

**Request for comments** – For a limited time, the IRS is requesting comments from the public on expanding EPCRS correction rules to provide additional guidance on the recovery or recoupment of overpayments. (See sections 3.02(4) and 7.)

## Self-correction of Section 415(c) failures

Plan sponsors can use SCP to correct certain recurring excess annual additions if they act within a specified time. The timeframe to distribute excess annual additions is increased from 2 ½ months to 9 ½ months.

## VCP fees

- **Required minimum distributions** – Reduced fees may apply to a larger group of plan sponsors if a plan's sole failure is late payment of required minimum distributions and affects 300 or fewer plan participants. Plans must meet specific conditions to qualify for reduced fee.

- **Participant loans that do not comply with IRC 72(p)** – Plan sponsors may be eligible for new reduced fees based upon the number of participants with bad loans. They must meet specific conditions to qualify for the reduced fee.

### Submission forms

- **New IRS Acknowledgement Letter (replaces Appendix D)** – Applicants who want a written acknowledgment letter from the IRS for their VCP submission must include a partially completed [IRS Letter 5265](#). Fill in the applicant’s name, address, and plan name and number. Appendix D is superseded and no longer permitted.
- **Required use of IRS forms** – If a VCP applicant wishes to use model VCP documents, the plan sponsor must submit the current version of Form 14568 (and, if applicable, Forms 14568-A through 14568-I).
- **Appendices C and D removed** – Appendix C, Appendix C Schedules and Appendix D are no longer part of Revenue Procedure 2013-12 because they were replaced by official IRS forms and letters.

### Required determination letter applications

The revenue procedure clarifies when a plan sponsor is required to submit a determination letter application to the IRS when they are resolving qualification failures by adopting retroactive plan amendments, including IRS pre-approved plans.

### Expanded correction period for determination letter applicants

The correction period for adopting certain corrective plan amendments is extended if the plan sponsor submits a required determination letter application concurrently with a VCP submission.

### Locating lost participants

Reference to the discontinued Social Security letter forwarding program has been removed.

### Miscellaneous

Several items in Revenue Procedure 2013-12 are revised to update citations or cross-references.

### Table of Rev. Proc. 2013-12 sections modified

Topic	Rev. Proc. 2015-27 section(s)	Revises Rev. Proc. 2013-12 section(s)
Overpayments	3.02, 4.06 and 4.07	6.06(3) and 6.06(4)
415(c) failure - self-correction	4.01	4.04

VCP fees - late RMDs	4.12	12.02(2)
VCP fees - loans	4.13	12.02(3)
Acknowledgement letter	4.11	11.11
Required Form 14568 series	4.09	11.01 and 11.02
Appendices C and D removed	4.09 and 4.17	11.02 and 11.02; and removes Appendix C, Appendix C Schedules and Appendix D
Required determination letter application	4.05	6.05(1), 6.05(2) and 6.02(3)(c)
Expanded correction period	4.08	10.07(9)
Locating lost participants	4.04	6.02(5)(d)
Miscellaneous - updated cross reference	4.02	4.11
Miscellaneous - updated cross reference	4.03	5.01(3)(c)
Miscellaneous - eligible party	4.10	11.10
Miscellaneous - updated cross reference	4.14	12.06(2)

Miscellaneous - updated cross reference	4.15	Appendix A .08
Miscellaneous - updated example	4.16	Appendix B, section 2.07(2)(b), example 26

**Effective date**

- The revenue procedure is generally effective July 1, 2015.
- Plan sponsors may elect to apply provisions on or after March 27, 2015.

**Additional resources**

- [Correcting Plan Errors](#)
- [Acknowledgement Letter \(IRS Letter 5265\)](#)
- [New Methods for Correcting Elective Deferral Errors](#)