

The PRS Report

The Time Has Come...All Pre-Approved Defined Contribution Plans Must Be Restated

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ALL PRE- APPROVED DEFINED CONTRIBUTION PLANS MUST BE RESTATED

New laws and regulations that govern qualified pension plans require plan amendments in order for the Plan to remain qualified and in compliance. Periodically the Internal Revenue Service requires that qualified plans be restated to incorporate changes resulting from several law and regulation changes.

The IRS, in Announcement 2014-16, has opened the restatement period under the second six-year cycle for pre-approved defined contribution plans (Profit Sharing, 401(k) and Money Purchase plans). All such plans, to maintain their compliance, must restate and adopt the restatement between May 1, 2014 and April 30, 2016!

What does this restatement cover?

The restatement covers the provisions required in the 2010 Cumulative List for laws and regulations added since the EGTRRA restatement, which was based on the 2004 Cumulative List. Specifically it encompasses those provisions of the Pension Protection Act of 2006 and therefore commonly is referred to as the “PPA” restatement.

What’s different this time around?

The IRS has made several changes to the individual favorable determination letter program for plan sponsors. Previously, if your pre-approved plan was not a standardized prototype, and if you wanted to be sure that your plan was qualified in



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form, a request for a favorable determination letter (FDL) was generally made to the Service. Form 5307 was generally used for the submission.

Beginning with the pre-approved defined contribution restatements for “PPA”, prototype plans can no longer submit for the FDL. Reliance is on the underlying opinion letter. And volume submitter plans can only be submitted for an FDL if changes were made to the document’s pre-approved language. Otherwise, reliance is again on the underlying advisory letter. Note these changes cannot be so significant that the Service would deem the plan to be individually designed –and then require a more involved and expensive submission request.

Authorization for the restatement:

Shortly, you will be receiving from us a request for authorization to restate your Plan for PPA, or for confirmation that a restatement will be prepared and executed. We will be requesting the return of the authorization form as well as a retainer for approximately half of the fee. The sooner the authorization is returned, the better. In order to better schedule the demand for the restatements, we offer a discount for early authorizations. BE ON THE LOOK OUT FOR YOUR LETTER!



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