

## Keeping on Track – Having a Compliant and Operationally Sound Plan in Place

### Defined Contribution Plan Compliance Review



As the number of defined contribution plans and their assets have continued to grow, so have the legal and regulatory requirements, creating challenges for plan sponsors and administrators. Defined contribution plans, which serve as the primary retirement vehicle for many employees, are frequently under the microscope. As a result, the IRS is encouraging plan sponsors to regularly perform compliance reviews so the plan stays on track. To help ensure defined contribution plans are and remain compliant both in design and operation, sound management practices need to be in place and followed. Recent years have seen an increase in required participant disclosures, litigation and IRS/DOL audit activity. Periodic compliance reviews can go a long way in reducing the time and cost of dealing with an audit, improving plan operations and in some cases allowing for correction with reduced penalties. There is no better time for a “second opinion” on how your plan is running.

#### **We Can Help**

**Level of review:** We can structure a compliance review to meet your needs and objectives. A compliance review can be “full scope” or “limited scope,” ranging from a comprehensive, targeted review to a high-level look at operational compliance and plan documentation.

**Our team:** Our compliance consultants (most of whom have a legal background), actuaries and other subject matter experts have extensive experience with defined contribution plan design, compliance and administration. Our compliance reviews, at all levels, bring together a world-class multi-disciplinary team to perform a cost-effective plan review geared toward mitigating your compliance risks.

**Our method:** We have developed a streamlined plan review methodology based on plan audit procedures used by the IRS and DOL. Our experience and knowledge allow us to focus on problem areas in plan design and administration and help your organization remediate any failures and avoid future compliance pitfalls.



**Our focus:** When we perform a compliance review, we start by examining your plan documents for compliance with applicable legal requirements. We will review plan documents to help ensure that discretionary and required amendments have been timely adopted and plan provisions are in line with plan operations. With the recent changes to the IRS determination letter filing process, this has become an important compliance step. We'll review your plan administration to determine whether it is consistent with your plan documentation and legal requirements. Should you wish a more detailed assessment, we can also perform transactional (based on a representative sample) and/or process reviews.

**Our findings:** Once we complete the review of your plan, we will provide you with a summary of our findings, along with any recommendations for enhancements in plan design and operations, and corrective action, if necessary.

**Ongoing process:** Compliance reviews should be more than just a snapshot in time. We can work with you after the review to assess progress and results generated by implementation of recommendations.

### **Defined Contribution Plan Review**

A compliance review might include all or some of the areas of operation that the IRS has identified as frequent areas of non-compliance, such as:

- Timely adoption of required and discretionary plan amendments
- Auto enrollment/ Auto escalation
- Loan Administration and In-plan withdrawals
- Timing of deposits
- Eligibility/Rehires
- Nondiscrimination testing
- QDRO administration

Failure to properly administer any plan process can result in large correction fees, prohibited transaction excise taxes and/or damage to corporate reputation as well as employee morale. Therefore, periodic plan reviews are a critical component of plan success. The actual scope of the compliance review will be specific to your plan and your areas of concern.

### **Learn More**

To find out more contact us at **1 866.355.6647** or **hrservices@conduent.com**.

[www.conduent.com/hrservices](http://www.conduent.com/hrservices)

