

Plan Administrators of Retirement Plans Need to Prepare for New IRS Pre-Examination Compliance Pilot Program

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06.22.2022

On June 3, 2022, the Internal Revenue Service (IRS) **announced** a new pilot program aimed at qualified retirement plan compliance. Pursuant to the program, the IRS will issue a letter to the plan administrator which provides a 90-day window to review the plan's document and operations to determine if it meets current tax law requirements. Administrators must contact the IRS within this 90-day period to provide the results of the internal review.

If the plan's internal compliance review reveals any mistakes, the plan administrator will need to determine the applicable correction method pursuant to the Employee Plans Correction Resolution System (EPCRS) Revenue Procedure 2021-30. The IRS will review any proposed self-correction and documentation to confirm that it agrees with the resolution. The IRS will then issue a closing letter or conduct a limited or full scope examination.

Errors that are ineligible for self-correction must be corrected by closing agreement with the IRS. Normally, the IRS issues higher sanctions when discovering errors during an investigation but during this pilot program, any errors that must be corrected by closing agreement with the IRS are subject to the lower fee schedule of the voluntary correction program of EPCRS.

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Practice Areas

Employee Benefits and
Executive Compensation
Retirement Plans

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Plan sponsors that receive a 90-day letter should immediately work with their plan professionals to conduct self-audits to discover any operational or document errors. Preemptive self-audits are also encouraged to get out in front of any issues before receiving a letter as well. If you have compliance questions related to your retirement plan, please contact your Laner Muchin Employee Benefits attorney.