Want to save time and money?

Think check-up now!

A winter check-up keeps your vehicle reliable through the harsh season. A quick summer check-up adds to a safe and more relaxing vacation trip. In either case, a check-up helps ensure that you have a solid, well-oiled, dependable machine when you need it.

Likewise, you want the same type of safety and reliability for you and your employees through your retirement plan. Just like your automobile, a retirement plan needs regular attention and care to keep it operating well. Take a retirement plan check-up now and save time, paperwork, and money for you, your business, and your employees.

Examples of savings include:

- minimize paperwork
- cut administrative hours
- optimize employees' gains for financial security
- safeguard your employees' money
- protect financial output of your business
- lead to a better plan for your business
- increase tax return accuracy
- enhance portability of retirement assets
- minimize extent of mistakes
- fix it yourself

...bottom line, a check-up today makes for a more secure tomorrow.

Retirement Plan Assistance

The following resources will help you maintain your plan and protect participant benefits. For free information, you can call the IRS toll-free or access materials through IRS Web sites.

www.irs.gov/ep

Access the Retirement Plans Web page for an array of information on retirement plans, including how to subscribe to the *Retirement News for Employers* newsletter, and to get a free plan Checklist for your specific plan. An expanded version of each plan checklist is available on this Web site.

Also, look for the posting of new materials as they become available on 401(k) plans and other plans.

www.irs.gov/ep
(see *Correcting Plan Errors*)

Read about the following correction programs under the Employee Plans Compliance Resolution System (EPCRS):

Self-Correction Program (SCP)

Voluntary Correction Program (VCP)

Audit Closing Agreement Program (Audit CAP)

(877) 829-5500

EP Customer Account Services.

www.irs.gov

Access and download IRS forms and publications.

(800) 829-3676

Order free IRS forms and publications.

IRS Department of the Treasury Internal Revenue Service
Publication 3066 (10-06)
Catalog Number 35808E

Have you had your Check-up this year?

Checklists

Updates

Review Tips

Publications

Correction Assistance

for 401(k) Retirement Plans

Reading this brochure may be the best 2 minutes you ever spent on your business's retirement plan!

Internal Revenue Service | Tax Exempt and Government Entities | Employee Plans

Here's what the check-up includes:

Retirement Plan Checklist for 401(k) Plans

The *401(k) Plan Checklist* is available in two formats.

■ **Single page version, available in print or online–** For a quick review to see if you meet some basic requirements in operating your business's retirement plan, get the one-page IRS 401(k) Checklist of 10 questions. The checklist does not cover all plan requirements, so you should not use it as a complete plan review. It is, however, an easy way to start your plan check-up.

Sample of Checklist questions:

	Yes	No
1. Were all eligible employees identified and given the opportunity to make an elective deferral election?	■	■
2. Is the plan's definition of compensation used for all deferrals and allocations?	■	■
3. Have you timely deposited employee deferrals each pay period?	■	■

• Answering "yes" to all 10 checklist questions may indicate that your plan is in good shape. You should share your answered checklist with your benefits professional to verify all is well.

• Answering "no" to any 1 of the 10 checklist questions lets you know on the spot that you may have a mistake in the operation of your plan. Help is available.

■ **Electronic version with links to expanded explanations–** An electronic version of this Checklist, with links to expanded explanations for each question, is available through *www.irs.gov/ep*. Select *Check-Up for Your 401(k) Plan*.

Order a free copy of Publication 4531, *401(k) Plan Checklist* through the IRS at (800) 829-3676, or download the checklist from the Internet at *www.irs.gov/ep.*

Note: The Checklist is for sponsor/owner's use. It is not to be filed with the IRS. Use of the Checklist is strictly voluntary.

Tips, Publications, and Forms for the Operation of Your 401(k) Plan

You and your employees expect a retirement plan to deliver what's promised.

Use these tips and resources to help ensure that the plan you and your employees count on is in good running order.

■ **Watch for law changes.** Keep the plan up-to-date with the law. Ask your benefits professional "when and what" to change in your plan. Those who specialize in retirement programs may provide auditing and plan review services.

■ **Perform periodic review of your plan.** Errors in a plan brought on by changes in your work force and its salary deferral patterns are easier and cheaper to fix when they are small and have not been allowed to continue over a long period of time. Changes in your business may produce unexpected changes in your plan's operation.

■ **Get an independent reviewer to check your plan.** An independent reviewer may see something that has been overlooked by others, which could save you and your employees money, and may improve benefits.

■ **Subscribe to the *Retirement News for Employers* newsletter.** This quarterly IRS publication provides plain-language information about retirement plans. To subscribe, go to *www.irs.gov/ep* and select *Newsletters*.

The following free materials are available at *www.irs.gov,* or can be ordered by calling the IRS at (800) 829-3676:

Publication 560	***Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)***
Publication 3998	***Choosing a Retirement Solution for Your Small Business***
Publication 4222	***401(k) Plans for Small Businesses***
Publication 4460	***Choose a Retirement Plan for Employees of Tax Exempt and Government Entities***
Publication 4531	***401(k) Plan Checklist***
Form 8881	***Credit for Small Employers Pension Startup Costs***

Need to make a correction? We can help.

Mistakes don't go away by themselves.

The IRS has helpful correction programs that are structured to provide financial incentives for finding and correcting mistakes earlier rather than later. In fact, many mistakes can be corrected easily, without penalty and without notifying the IRS.

The IRS system of retirement plan correction programs, the **Employee Plans Compliance Resolution System (EPCRS),** helps business owners protect participant benefits and keep their plans within the law. EPCRS includes:

• **Self-Correction Program (SCP)–** With this program, you can find and correct a mistake before an examination. It will cost less if you find the error and fix it. A problem found within two years of when it first occurred can often be self-corrected. If an error has continued for longer than 2 years, you may have to pay a fee.

• **Voluntary Correction Program (VCP)–** You may correct your plan's mistakes with help from the IRS. A fee may apply.

• **Audit Closing Agreement Program (Audit CAP)–** If the IRS examines your plan and finds an error, you can still correct the problem. You should be aware that the fee will be larger than if you had found and fixed the error yourself, or brought it in voluntarily.

Learn about IRS correction programs at *www.irs.gov/ep*. See *Correcting Plan Errors*.

Common Mistakes

Reviewing the Checklist questions for your plan could help you avoid common errors in the operation of your retirement plan. The IRS frequently finds the following mistakes in retirement plan examinations:

■ not covering the proper employees

■ not giving employees required information

■ not depositing employee deferrals timely

■ not depositing employer contributions timely

■ not following the terms of the plan document

■ not limiting employee deferrals and employer contributions to the proper maximum limits