

Common Employee Benefit Plan Mistakes Checklist



As plan auditors, we witness several recurring errors that plan sponsors make in administering retirement plans. Early discovery and correction of the plan errors could prevent costly penalties and prevent the errors from affecting other areas of the Plan. Below is a list of common plan mistakes:



Sponsor does not adopt timely amendments to comply with laws and regulations. As congress passes new laws, sponsors are given a certain amount of time to adopt; failure could result in disqualification of the plan.



Following the terms of the plan, such as compensation, eligibility, etc. Administrators do not always follow the terms of the plan, either due to lack of knowledge or misinterpretation.



Improper inclusion of employees in the plan. Employees not covered by the plan, such as part-time or union, are active participants.



Improper notification and education of employees regarding the plan. Employees eligible to participate based on the plan document are not properly notified and they may not be properly educated as to investments available, etc.



Compensation definition. Administrators need to be certain of the definition and the application when calculating employee and employer contributions that are based on compensation.



Timely deposit of contributions. Although employer contributions do not have the same rules as employee contributions, administrators are forgetting to deposit the contributions entirely.



Vesting of employer contributions. There could be instances when monies should be 100% vested and they are not or vice versa.



Timely remittance of contributions. Per regulations, employee deferrals must be remitted to the plan as soon as can be segregated from plan sponsor assets.



Hardship distributions. The employer is not getting adequate documentation of need for the hardship.

In counseling our clients, we provide assistance for employers in handling compliance matters relating to the operations of retirement plans.

Meaden & Moore is a regional public accounting firm specializing in employee benefit audits. Our team approach involves working with internal staff and outside providers to recommend suggestions relating to assessments, audits and controls for existing benefit plans.

Please contact us at **(216) 241-3272** or visit us on the web at **www.meadenmoore.com**, with any questions you may have regarding employee benefit plan audits, your responsibility as an employer or any IRS/U.S. Department of Labor issues.