



BENEFIT NEWS BRIEFS

A Pension Plan Sponsor's Responsibilities

The IRS home page for the *Tax Information for Retirement Plans Community* at <http://www.irs.gov/retirement/index.html> recently highlighted an article about general pension plan sponsor responsibilities from the IRS point of view. While partially written from a single employer slant with some tips for 401(k) plans, the article was still a handy reference summary on plan sponsor duties. We have adapted the article to the multiemployer context.

The plan sponsor is responsible for keeping the plan in compliance.

- The plan document must be written to comply with all requirements in the Internal Revenue Code.
- The plan must be administered to follow its terms in operation.
- Review the plan annually to make sure it's operating according to its terms and the law.

Know what the plan's service provider agreements do and do not cover.

All plans require certain administrative tasks. Know who is going to do these tasks and make sure that person has the information they need to:

- Review the plan document for law changes and update it as necessary.
- Enforce the plan's terms for participation, contributions and distributions.
- Give the required plan notices to the participants.
- File required forms and documents with the IRS or Department of Labor.
- Determine any required testing and conduct it timely.
- Maintain records for participant accounts.
- Invest the plan funds and determine any associated fees.
- Learn about your fiduciary responsibilities.
- Bring the plan back into compliance (if it becomes non-compliant) and pay any fees associated with this process.

Communicate with the plan's service providers.

For plans that use a TPA or outside administrator, communicate frequently with the plan's service provider for:

- New hires, re-hires and terminations.
- Accurate payroll compensation/contribution amounts for each participant.
- Census data for determining plan eligibility and benefit payments.

Keep up with ongoing plan maintenance responsibilities.

These tasks will help keep the plan running smoothly and remain qualified for tax benefits.

- Review the service provider's reports:
 - review the allocation report for possible contribution errors.
 - review the distribution report to ensure that participants have timely started their required minimum distributions and consented to these payments.
- Review the plan's terms to ensure they are being followed.
- Get an independent review of the plan. An independent reviewer may see something that has been overlooked by others.

Keep up with the rules. Correct mistakes now.

If a mistake in the plan document or plan operation is found, the IRS has correction programs to correct mistakes early— often without penalty and without notifying the IRS.

More information for plan sponsors is found on the IRS website at:
<http://www.irs.gov/retirement/sponsor/index.html>.

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