

# 401(k) Rescue

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## *Our 401(k) Fix-It Series*

*401(k) Rescue, the Ekon Benefits 401(k) Fix-It Series, describes the most common 401(k) mistakes as determined by the IRS. We provide explanations of common mistakes, suggested prevention techniques and recommendations on correction methods.*

*Does your 401(k) Plan need to be rescued?*

### Common Mistake #2—

Employer contributions were not made accurately or to all appropriate employees.

Several problems can lead to a failure to contribute employer contributions to all eligible employees as dictated by the Plan Document. This includes, but is not limited to:

- Failure to accurately count hours or identify plan entry dates for employees.
- Failure to properly follow all Plan Document terms.
- Using the incorrect definition of compensation for determining contributions.
- Incorrect timing of matching contributions.

To avoid this mistake, review the Plan Document thoroughly, including definitions of compensation and required timing of contributions. If a mistake has occurred, base the correction on the Plan's provisions and any other regulations at the time of the mistake. In most cases, the IRS Self-Correction Program (SCP) may be used to correct the mistake. If the error is considered significant to the Plan as a whole, there is a two-year correction period. Significance of an error is determined by considering all facts and circumstances related to the error. If the error is not corrected in this two-year window, it may no longer be corrected using the SCP and the Voluntary Correction Program (VCP) must be used instead.

For a complete listing of the most common 401(k) mistakes, please visit the IRS 401(k) Plan Fix-It Guide at [http://www.irs.gov/Retirement-Plans/401\(k\)-Plan-Fix-It-Guide](http://www.irs.gov/Retirement-Plans/401(k)-Plan-Fix-It-Guide)

For assistance in correcting a plan error, please contact Ekon Benefits at (314)367.6555 or [info@ekonbenefits.com](mailto:info@ekonbenefits.com)