

401(k) Rescue

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 #3—

Plan Operations are not based on the Plan Document.

Failure to follow Plan terms is one of the most common mistakes we see in 401(k) plans. Any change made to your Plan Document or operations should be conveyed to all relevant parties including staff, payroll providers, and third party administrators. Changes in Plan operation may require amendments and updates to the Summary Plan Description. Contact a retirement plan professional before making operational changes to ensure compliance with Plan terms.

Familiarity with your Plan Document is of the utmost importance. Remember that properly following the Plan Document is essential to ensure tax-favored treatment and to prevent a breach of fiduciary duty under ERISA. If a mistake has occurred, correct it as soon as possible using a reasonable correction method that leaves affected participants as they would have been had the mistake not occurred. In many cases, the IRS Self-Correction program (SCP) may be used to correct errors.

An annual compliance audit should be performed to ensure that Plan operation correlate with Document provisions.

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