

# What is the EPCRS?

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## *A Segment in Our Retirement Rescue Series*

The IRS Employee Plans Compliance Resolution System, EPCRS, was designed to allow plan sponsors to remedy errors made and avoid the [consequences of plan disqualification](#).

EPCRS contains three sub-programs:

Self-Correction Program, SCP

Voluntary Correction Program, VCP

Audit Closing Agreement Program, Audit CAP

### **Self-Correction Program**

SCP is available for correcting operational errors only. There is no fee for using SCP. To use SCP, plans must have established procedures in place to foster full compliance with the law and prevent the error from occurring in the future. If deemed necessary, administrative procedures should be updated to ensure the error does not reoccur. If the operational error which occurred is considered to be insignificant to the plan as a collective whole, SCP may be used to correct the error at any time. If the error is considered to be significant to the aggregate, it may be corrected using SCP within two years of the end of the plan year in which the error occurred. As a future audit is possible, ensure that all correction steps are documented.

### **Voluntary-Correction Program**

If SCP is not available for correction, VCP would be the next best option. Under VCP, the Plan Sponsor submits documents of the failure and proposed correction method to the IRS. The required submission fee varies by plan size.

Once the correction method is deemed appropriate, the IRS will issue a Compliance Statement detailing the identified mistake and the approval of the correction method. The Plan Sponsor must correct the mistake within 150 days of the date of the Compliance Statement. Note that SCP and VCP are not available while the Plan is under audit.

### **Audit Closing Agreement Program**

Audit CAP is used for Plans and Plan Sponsors to correct failures while under audit. In the CAP process, the Plan Sponsor corrects the error and enters into a Closing Agreement with the IRS. A sanction is negotiated and paid. The fee is dependent on Plan type and severity of errors found. The sanctions under Audit CAP can be very substantial. It is best to self-correct or use VCP if failures occur.

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