

Modifications to EPCRS

On March 27, 2015, the IRS released Revenue Procedure 2015-27 which modifies the Employee Plans Compliance Resolution System, better known as EPCRS. This program was designed to allow plan sponsors to remedy errors made in their plans and avoid the consequences of plan disqualification. EPCRS contains three sub-programs; Self-Correction Program (SCP), Voluntary Correction Program (VCP), and Audit Closing Agreement Program (Audit CAP).

For background information on the EPCRS correction programs and Audit CAP, read [“What is EPCRS?”](#) on our website.

Revenue Procedure 2015-27

Revenue Procedure 2015-27, which will go into effect on July 1, modifies but does not replace or supersede the previous Revenue Procedure 2013-12. Both revenue procedures were designed to preserve tax-qualified status and should be used conjunctively. The most recent modification includes information on the following issues.

Correcting Benefit Overpayment Failures

The preceding revenue procedure (RP 2013-12) requires that benefit overpayment corrections be reasonable and appropriate for the failure. Many plan sponsors interpreted this as requiring the overpayment amount be recovered from plan participants and beneficiaries. The modifications in the newest procedure (RP 2015-27) clarify that there is flexibility in determining the correction method for such overpayments. For example, in lieu of seeking recoupment from participants, the employer or another party may contribute the amount of overpayment to the plan. Alternatively, the plan sponsor may adopt a retroactive amendment to the plan document so that the plan operations which have already occurred are allowed. The chosen correction method must be consistent with correction methods listed in the RP 2013-12 and all applicable rules under EPCRS.

Additionally, the IRS is requesting comments on the topic of benefit overpayments, which will be shared with the DOL. Written comments must be submitted by July 20, 2015. Additional information on this comment period can be found in [Section 7 of RP 2015-27](#).

Annual Additions Failures - SCP Eligibility

The Self Correction Program may now be used to correct recurring annual additions failures as long as excess elective deferrals are returned to employees within 9½ months of the plan year’s end.

VCP Fee Reductions

Reduced sanctions under the Voluntary Correction Program may be available for failures such as late payment of required minimum distributions or participant loans that do not comply with Internal Revenue Code 72(p).

For the full list of modifications in Revenue Procedure 2015-27, visit the [IRS website](#).