

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?

Mistake #1—

Failure to update your Plan Document to comply with law changes.

- Tax laws affecting 401(k) plans frequently change. A common error we see is not timely amending for required document changes. Generally, the IRS sets a deadline by which all 401(k) plans must be amended to comply with changes in tax laws. If plans are not amended by this date, they are no longer considered “qualified retirement plans” meaning they will no longer receive favorable tax treatment under federal tax code. This mistake cannot be self-corrected but can be amended through the Voluntary Correction Program (VCP). If your plan is not currently under examination, you can file a VCP submission with the IRS outlining the proposed correction for the failure. As of 2013, your current 401(k) plan should include provisions for EGTRRA, PPA, HEART and WRERA.

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