

401(k) Plan Self Audit

Maintaining a compliant 401(k) plan can be a complicated process, and involve multiple components and service providers. However, as a Plan Sponsor, you are responsible for the compliance of your plan. To help, the IRS has provided a list of questions that you, as a Plan Sponsor, must be able to answer to ensure compliance with IRS regulations. These questions are designed to help you document and evaluate your plan's policies, procedures and internal controls.

It is important that you contact your service provider(s) if you are unsure how to answer any of these questions. If you are a Kushner & Company client contact your Account Manager who will help you answer the questions or help you determine the appropriate service provider to contact.

Plan service providers

- Who is the plan trustee?
- Who is the plan administrator?
- Who are the plan's outside service providers?

Employee eligibility

- Who determines when an employee is eligible to participate in the plan?

- What steps does this person take to determine if an employee is eligible to participate?
- How does this person track the amount of service an employee has completed?
- How is an employee's date of birth verified?
- Who is responsible for maintaining personnel records?
- How is information from personnel records shared with the plan administrator?
- What steps are taken to notify employees they are eligible to participate in the plan?

Contributions

- What steps does an employee take to elect to defer money or make a change to a previous election?
- Is payroll done by an outside service provider or in-house?
 - If payroll is done by an outside service provider:
 - Who is the outside service provider?
 - How is information shared with the outside service?
 - How does the plan administrator share payroll

data with the outside service provider?

- Who reviews the outside service provider's work to ensure that it's accurate?
- If payroll is done in-house:
 - Who is responsible for preparing payroll?
 - Who reviews payroll to ensure that it's accurate?
 - How is payroll data shared with the plan administrator?
- What is your plan's definition of compensation?
- Who determines the participants' compensation based on the payroll information?
- Who verifies that participants' compensation used for plan purposes matches the plan definition of compensation?
- How are employee deferrals remitted to the trust holding participant accounts?
- Who verifies that the correct amount was remitted to the trust and allocated to the correct participant accounts?
- How are matching and non-elective contribution amounts determined?
- Who ensures that each participant received the correct allocation of

matching and non-elective contributions?

Plan distributions

- How are plan loan applications reviewed and approved?
- How are requests for hardship distributions reviewed and approved?
- How does a participant request a distribution from the plan?
- Who reviews and approves distribution requests?
- Who determines a participant's vested percentage when a distribution is made?
- How does the money get from the plan trust to the participant?
- Who is responsible for completing and filing Form 1099-R?

Plan testing and administration

- Who makes sure the plan document is updated timely?
- Who completes the annual testing for the plan?
- Who determines which participants are highly compensated employees?
- Who reviews the annual testing to ensure that the correct data was used?
- Who determines which participants are key employees?

- Who determines if there are any related employers that could cause a controlled group or an affiliated service group to exist?
- Who reconciles the trust statements to ensure their accuracy?
- Who completes the Form 5500 for the plan?
- Who is responsible for distributing notices to participants?
- How are notices distributed to participants?
- What is the process for correcting errors that are discovered in the plan document or operation?

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