

401(k) Plan Checklist

This checklist is *not* a complete description of all plan requirements, and should *not* be used as a substitute for a complete plan review.

Every year it is important that you review the requirements for operating your 401(k) retirement plan. Use this checklist to help you keep your plan in compliance with many of the important rules. Click on “(More)” in any of the following questions for additional information (including examples) on how to find, fix, and avoid each mistake. See www.irs.gov/ep for online versions of the checklists, Fix-It Guides, and other resources for 401(k) and other plan types.

For Business Owner’s Use

(DO NOT SEND THIS WORKSHEET TO THE IRS)

1. Has your plan document been updated within the past few years? Yes No

If your plan has not been updated to reflect recent law changes, the plan needs to be revised.

[\(More\)](#)

2. Are the plan’s operations based on the terms of the plan document? Yes No

Failure to follow the terms of the plan is a common problem encountered on audit.

[\(More\)](#)

3. Is the plan’s definition of compensation for all deferrals and allocations used correctly? Yes No

Because your plan may use different definitions of compensation for different purposes, it’s important that you apply the proper definition according to your plan document.

[\(More\)](#)

4. Were employer matching contributions made to all appropriate employees under the terms of the plan? Yes No

The terms of the plan must be followed when allocating employer matching contributions.

[\(More\)](#)

5. Has the plan satisfied the 401(k) nondiscrimination tests (ADP and ACP)? Yes No

Every 401(k) plan must satisfy yearly ADP/ACP nondiscrimination tests except for certain auto enrollment and 401(k) safe harbor plans.

[\(More\)](#)

6. Were all eligible employees identified and given the opportunity to make an elective deferral election? Yes No

By supplying your tax advisor with information regarding all employees who receive a Form W-2, you may reduce the risk of omitting eligible employees.

[\(More\)](#)

7. Are elective deferrals limited to the amounts under IRC §402(g) for the calendar year? Yes No

Failure to distribute deferrals in excess of the 402(g) limit may result in additional taxes and penalties to the participant and employer.

[\(More\)](#)

8. Have you timely deposited employee elective deferrals? Yes No

You should deposit deferrals as soon as they can be segregated from the employer’s assets.

[\(More\)](#)

9. Do participant loans conform to the requirements of the plan document and IRC §72(p)? Yes No

Defaulted loans or loans in violation of IRC §72(p) may be treated as a taxable distribution to the participant.

[\(More\)](#)

10. Were hardship distributions made properly? Yes No

If a plan allows hardship distributions, the terms of the plan must be followed.

[\(More\)](#)

If you answered “No” to any of the above questions, you may have made a mistake in the operation of your 401(k) plan. This list is only a guide to a more compliant plan, so answering “Yes” to each question may not mean your plan is 100% compliant. Many mistakes can be corrected easily, without penalty and without notifying the IRS.

■ contact your tax advisor

■ visit the IRS at www.irs.gov/ep

■ call the IRS at (877) 829-5500



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