



The Ferenczy Flash

FROM THE LAW OFFICES OF Ilene H. Ferenczy, LLC

The Latest Word in Employee Benefits . . .

DID YOU RECEIVE A LETTER FROM THE IRS ASKING YOU TO COMPLETE THE 401(k) COMPLIANCE CHECK QUESTIONNAIRE?

If your company received one of the 1,200 letters issued by the IRS in mid-May requesting that the company respond to an extensive 401(k) plan questionnaire, you don't need to panic, but you do need to act. The 401(k) Compliance Check Questionnaire Project is not an audit of your plan or your company. Nonetheless, the IRS will follow up with employers that fail to complete the questionnaire, and continued refusal to comply could lead to a plan audit.

Because this mailer is simply a questionnaire, you may be tempted to do your best to respond on your own, and not be too worried about the absolute correctness of your answers. However, we encourage you to treat the questionnaire seriously and to seek assistance from your various service providers to ensure that your answers are accurate. While the IRS has indicated that the questionnaire is meant as an information collection device to help them understand the best way to review 401(k) plans, IRS officials have said that they may follow up if they believe respondents are not being honest or if answers suggest highly unusual plan operations.

At the very least, we recommend that you ask one of your experienced benefits advisers to review the completed questionnaire for answers that could lead to follow-up enforcement actions.

If you need assistance coordinating your response to a questionnaire, determining the proper responses, or reviewing a completed questionnaire, please call on one of our attorneys to discuss how we can help.

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