

401(k) Plan Checklist



This checklist isn't a complete description of all plan requirements, and shouldn't be used as a substitute for a complete plan review.

For Business Owner's Use

(DO NOT SEND THIS WORKSHEET TO THE IRS)

Every year it's 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. For additional information (including examples) on how to find, fix and avoid each mistake, click on "(More)." See www.irs.gov/retirement and click on "Types of Retirement Plans" for Fix-It Guides and other resources for 401(k) and other plan types.

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

If your plan hasn't been updated to reflect recent law changes, the plan needs to be revised.

[\(More\)](#)

2. Are the plan operations based on the plan document terms? Yes ☐ No ☐

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

[\(More\)](#)

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

Your plan may use different definitions of compensation for different purposes. It's important that you apply the proper definition found in your plan document.

[\(More\)](#)

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

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

[\(More\)](#)

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

Most 401(k) plans must satisfy yearly ADP/ACP nondiscrimination tests.

[\(More\)](#)

6. Were all eligible employees identified and given the opportunity to make an elective deferral? 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 IRC Section 402(g) limits 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 meet the plan document and IRC Section 72(p) requirements? Yes ☐ No ☐

Defaulted loans or loans in violation of IRC Section 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 plan terms must be followed.

[\(More\)](#)

11. Were top-heavy minimum contributions made? Yes ☐ No ☐

If the plan is top-heavy, minimum contributions for non-key employees are required.

[\(More\)](#)

12. Was Form 5500 filed? Yes ☐ No ☐

Many 401(k) plans must make an annual filing with the Federal government.

[\(More\)](#)

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**

■ **www.irs.gov/retirement**

■ **call the IRS at (877) 829-5500**