

IRS Questionnaire May Be Headed Your Way

The IRS is interested in learning a little more about how your 401(k) plan is being maintained. Our suspicions (as published on [Twitter](#) March 15th) were recently confirmed when the IRS announced that, starting this month, they will be sending out several thousand questionnaires to companies sponsoring 401(k) plans. The intent of the questionnaire is to serve as a "compliance check" regarding plan documents, plan operation and the use of the IRS' Employee Plans Compliance Resolution System (EPCRS). This questionnaire is not an audit; however, employers should keep in mind that their responses to the questions may lead to follow up questions from the IRS. While completion of the questionnaire is not mandatory, failure to respond to the questionnaire may trigger an audit. Once responses are received, the IRS will publish its findings and develop new strategies for examining retirement plans.



As always, Alliance is available to help with any questions you may be uncertain about.

Legislative Update: Proposed regulations on 401(k) participant advice drawing fire from industry groups

After withdrawing the previously approved regulations for delivering participant investment advice, the DOL has released a new set of proposed regulations that could impact advisors and plan participants in a significant way.



The new rules are intended to ensure that participants in retirement plans receive unbiased investment advice. Under the new regulations, investment advice can be given in two ways:

- Through the use of a computer model certified as unbiased
- Through an advisor whose compensation or whose firm's compensation does not vary based on investments selected by the participant.

Investment industry groups are strongly criticizing the legislation due to the following facts:

- Advisors affiliated with broker-dealers, investment companies and insurance companies will not be able to provide advice to plan participants.
- The new computer model requirements will favor index funds over actively managed funds.

The American Society of Pension Professionals and Actuaries (ASPPA), the Council of Independent 401(k) Recordkeepers and the National Association of Independent Retirement Plan Advisors have also raised concerns with the proposed legislation.

"To suggest that the DOL will be able to set parameters in regard to investment theory goes beyond their expertise, and it would stifle innovation in that area — that's our members' expertise," said Craig Hoffman, general counsel for ASPPA.

Text of the newly proposed regulation can be found at:

<http://www.dol.gov/ebsa/pdf/frinvestmentadvice.pdf>

