



## ALERT- IRS Compliance Check - 401(k) Questionnaire

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In the very near future you may receive a letter from the IRS advising you that your 401(k) Plan has been selected to complete an on-line questionnaire regarding your Plan's features and operation. This Compliance Check is part of the IRS' on-going effort to ensure 401(k) plan sponsors are aware of their obligations, and the programs IRS offers to help them correct any violations.

**What is a Compliance Check?** It is an IRS review to determine if a Plan is being operated in accordance with the numerous legal requirements of federal law and regulation.

**Do I have to respond?** YES. Although a Compliance Check is neither an audit nor an investigation of the Plan, it is an enforcement action that must be responded to.

**What if I don't respond?** Failure to respond, or to provide complete information will result in further enforcement actions which may include an examination of the Plan (i.e., an AUDIT).

**What information is being requested?** The questionnaire requests detailed information for the 2006, 2007, 2008 and 2009 Plan Years. A preliminary review indicates the level of detail requested approaches that encountered in a regular IRS Plan audit, although it's being requested via an on-line questionnaire.

**When do I have to respond?** You have ninety (90) days from the date of the letter to complete the on-line questionnaire.

**What procedure must be followed?** A "Personal Identification Number" ("PIN"), Password and Source ID will be assigned to each Plan selected for this Compliance Check, to log on and complete the questionnaire. This could signify the potential for tracking and identifying Respondents (and non-Respondents).

**Who should complete the on-line questionnaire?** Someone who is well-versed in your Plan's operations and the applicable 401(k) compliance rules. Almost all compliance problems can be fixed using IRS correction programs, many without submission for IRS approval. However, use of these programs can be limited if the Plan is already under IRS examination.

**Can an outside consultant respond on our behalf?** YES. All you need to do is submit a written Form 2848, *Power of Attorney and Declaration of Representative*.

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*Please do not hesitate to call your SCHLOSS & CO, LLC consultant for assistance. We can assist you if you have been selected for this IRS Compliance Check. Services we provide to 401(k) plans include compliance*

*reviews, determination of required corrections, handling of Plan audits and inquiries from the IRS and Department of Labor. In light of this enhanced enforcement activity Plan sponsors may wish to review their plan procedures to ensure they are in compliance. Of special importance to the IRS and Department of Labor are the timely deposit of participant contributions, loan repayments and enrollment of participants. As noted above, most errors can be self-corrected at modest cost as long as your Plan is not under examination.*