

November 2017

BENEFITS ALERT: IRS Audits Focus on RMDs

The IRS recently announced that one of its main areas of focus when auditing multiemployer retirement plans will continue to be compliance with the required minimum distribution rules. Because of the IRS' continued interest in this, plan administrators should pay close attention to their plan's required distribution rules.

Required Distribution Rules

Depending on your plan's terms, a plan must start paying benefits as of either:

- April 1st following the year in which a participant attains age 70 ½ (even if the participant has not retired), or
- April 1st following the later of the year in which the participant attains 70 ½, or the year he retires.

Missing Participants

Plans must pay required distributions whether a participant applies for a benefit or not. Because a plan may have to pay distributions without an application, it may not have current addresses for all of the participants who are due a distribution.

However, because the distributions are mandatory, it is important to adopt a policy that contains procedures for locating missing participants, and to follow it. And, while you may not be able to locate all of your missing participants, it is important to demonstrate to the IRS that you are diligently following the policy.

If you do not have a missing participant policy, we would be happy to help you craft one that fits the needs and operation of your plan. (Along with a missing participant policy, plans should consider adopting an outstanding check and overpayment policy, as often, the two issues are related.)

Voluntary Correction

We encourage you to review your plan's terms and operations, to make sure that you have been complying with the required minimum distribution rules. If you find that you have not been following your plan's required distribution rules, the IRS will allow you to correct the error (provided the plan is not currently under audit) by submitting a proposed correction through its Voluntary Correction Program, for a nominal fee of \$500.

We have experience in preparing these submissions and would be happy to work with you in identifying and correcting any required distribution issues that you think your plan may have.

Please call us if you have any questions regarding the required minimum distribution rules, IRS audits or its Voluntary Correction Program.

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