

Common Errors	How to fix	Keep it from happening in the future
1) Plan documents are not in compliance. Failed to amend to reflect recent law changes.	Adopt amendments for missed law changes. If you missed the deadline to adopt an amendment you may need to use the IRS correction program.	Communication with your plan provider. Make sure you know who will be responsible for the document
2) You do not operate the plan in accordance with the plan document.	Use a reasonable correction method that would allow affected participants to be in a position that they would have been if the error had not occurred.	Communication with your plan provider. Review your process and procedures annually.
3) You do not follow the definition of compensation in the plan document for all deferrals and allocations.	Correct the contribution, reallocation or distribution what ever needs to be fixed.	Communication with your plan provider. Review your process and procedures annually.
4) Employer matching contributions was not made to all participants eligible for the match.	Use a reasonable correction method that would allow affected participants to be in a position that they would have been if the error had not occurred.	Communication with your plan provider. Review your process and procedures annually.
5) The plan failed the 401(k) ADP and ACP nondiscrimination tests.	Make qualified nonelective contributions for the nonhighly compensated employees or refunds to the highly compensated employees.	Communication with your plan provider. Review your process and procedures annually. Make sure they are done by the deadline.
6) Eligible employees weren't given the opportunity to make an elective deferral (exclusion of eligible employees).	Allow them to start deferring immediately and make a qualified nonelective contribution to compensates for the missed deferrals.	Communication with your plan provider. Review your process and procedures annually. Make sure you are aware of the eligibility date of all new employees.
7) Participants Elective deferrals were not limited to the IRS section 402(g) amounts for the year and excess deferrals weren't distributed.	Distribute the amounts over the 402(g) Limits.	Communication with your plan provider. Review your process and procedures annually. Work with your payroll provider to stop elective deferrals at the 402(g) Limit.
8) Employee elective deferrals are not deposited timely.	Deposit the elective deferrals and lost earnings. May have to file with DOL Voluntary Correction Program and File 5330 with the IRS.	Communication with your plan provider. Review your process and procedures annually. Work with your payroll provider to make sure deposits are done timely.
9) Participant loans don't conform to the requirements of IRC Section 72(p) or are prohibited transactions under IRC Section 4975.	You can correct some mistakes by corrective repayment and/or modify loan terms.	Communication with your plan provider to make sure the loans are not prohibited transactions. Review each participant loan, including the loan amount, term of the loan and repayment terms to make sure they are being administered correctly.
10) Hardship distributions did not follow the provisions in the plan document.	Amend plan retroactively to allow for hardship distributions and make sure you are following the plan document provisions.	Communications with your plan provider to make sure you are following the plan provisions.
11) The plan was top heavy and the required minimum contributions weren't made to the plan by the last day of the following year.	Properly contribute and allocate the required top heavy minimum, adjusted for earnings, to the affected non-key employees. Consider redesigning the plan to include safe harbor provisions to the plan document.	Communications with your plan provider to make sure you are following the plan provisions. Review the top heavy tests each year with your plan provider.
12) Failed to file a Form 5500 return.	File all delinquent returns with DFVCP as soon as possible.	Communications with your plan provider to make sure you are filing the Form 5500 returns timely.