

ERISA Roundup

A quarterly recap of recent publications from BDO's ERISA Center of Excellence

Q3 2026

A Note from BDO's ERISA Practice Leaders

As another plan audit and Form 5500 filing season comes to a close, plan sponsors have an opportunity to turn their attention to the priorities ahead. From preparing for an initial employee benefit plan audit to strengthening oversight of participant distributions, staying informed can help plan sponsors navigate their responsibilities with greater confidence.

In this edition of our ERISA Roundup, we share practical insights and timely resources designed to help you address key plan considerations and prepare for important year-end deadlines.

Staying current on ERISA topics is simplified with BDO: Follow along with our regular insights at our **BDO ERISA Center of Excellence**. We welcome your feedback on our content at **BDOTalksERISA@BDO.com**.



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In this Issue

2026 Deadlines and Important Dates 04

Upcoming Webcast 05

Seven Critical Questions About Initial Audits for Employee Benefit Plans 06

Oversight Considerations for Self-Certified Distributions 11

Received an IRS Notice About Your Employee Benefit Plan? Take These Steps 14

2026 Deadlines and Important Dates

Sponsors of defined benefit and defined contribution retirement plans should keep the following deadlines and other important dates in mind as they work toward ensuring compliance for their plans in 2026. Dates assume a calendar year plan. Some deadlines may not apply, or dates may shift based on the plan sponsor's fiscal year. For additional support, please contact your BDO representative.

DECEMBER

- 2 / **Action:** Distribute annual participant notices no later than December 2 for the 2027 upcoming calendar year plan year. These include notices for: 401(k) Plan Safe Harbor Match, Automatic Contribution Arrangement Safe Harbor, Automatic Enrollment and Qualified Default Investment Alternatives (QDIA).
- 15 / **Action:** December 15 is the extended deadline to distribute Summary Annual Report (SAR) when the Form 5500 was filed on October 15.
- 31 / **Action:** December 31 is the final deadline to process corrective distributions for failed ADP/ACP testing; a 10% excise tax may apply.
- 31 / **Action:** Ongoing required minimum distributions (RMDs) for 5% business owners and terminated participants must be completed by December 31.
- 31 / **Action:** Amendments to change traditional 401(k) to safe harbor design, remove safe harbor feature or change certain discretionary modifications must be completed by December 31. Amendments to change to safe harbor nonelective design must be completed by Dec 1 of given plan year for 3% or by Dec 31 of the following year for 4% contribution level.
- 31 / **Action:** Plan sponsors must amend plan documents by December 31 for any discretionary changes made during the year.
- 31 / **Action:** Deadline for plan amendments for CARES Act, SECURE 1.0 and SECURE 2.0 here for qualified plans, excluding governmental plans or union plans. Read this article for more information.

DOWNLOAD THE FULL CALENDAR YEAR ▶



UPCOMING WEBCAST

Plan Sponsor Priorities for Year-End: Fiduciary Best Practices and Compliance Considerations

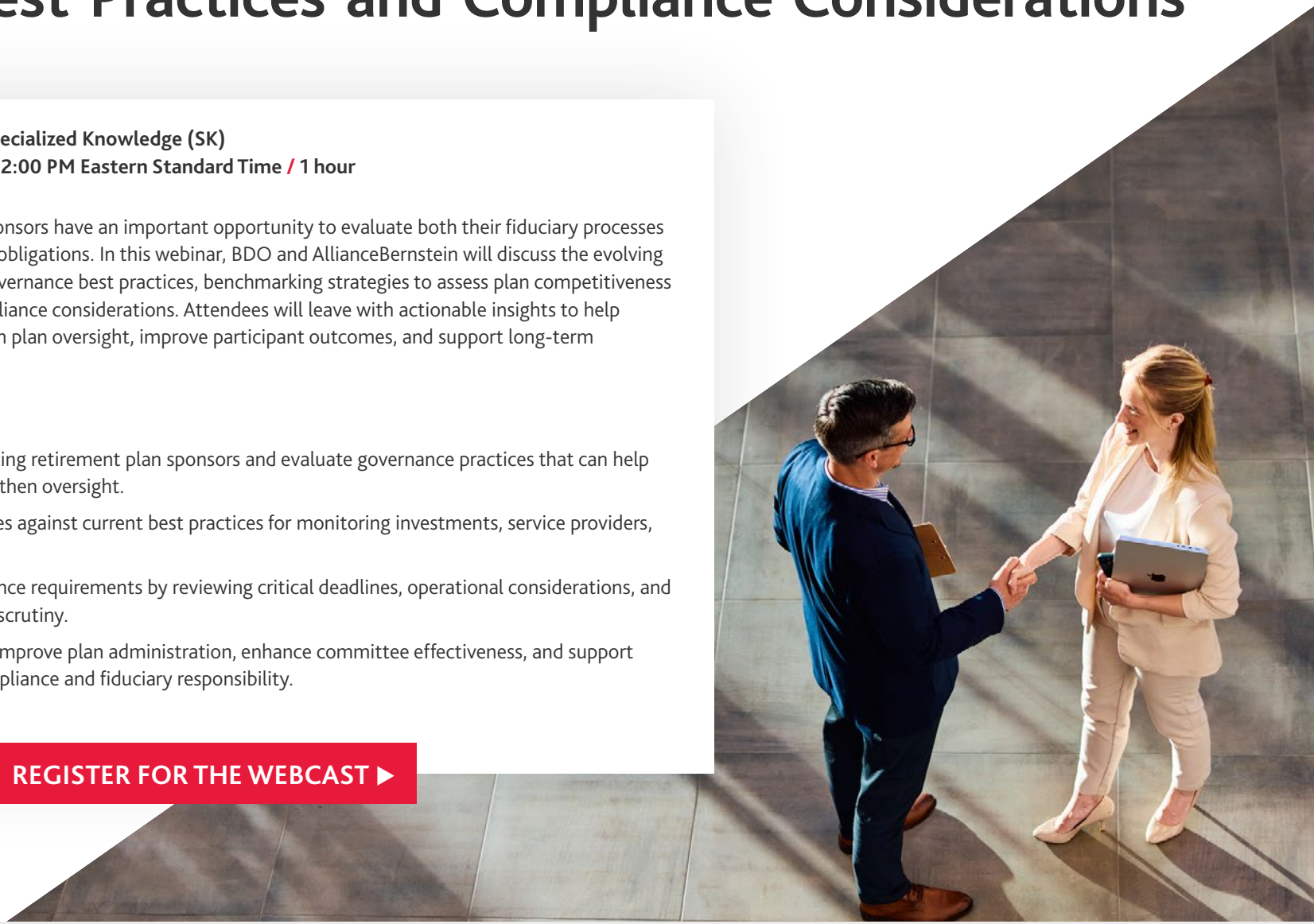
1.0 CPE Credit in the field of Specialized Knowledge (SK)
Tuesday, November 17, 2026 / 2:00 PM Eastern Standard Time / 1 hour

As year-end approaches, plan sponsors have an important opportunity to evaluate both their fiduciary processes and retirement plan compliance obligations. In this webinar, BDO and AllianceBernstein will discuss the evolving fiduciary landscape, including governance best practices, benchmarking strategies to assess plan competitiveness and fees, and key year-end compliance considerations. Attendees will leave with actionable insights to help mitigate fiduciary risk, strengthen plan oversight, improve participant outcomes, and support long-term retirement plan success.

Learning Objectives

- Identify key fiduciary risks facing retirement plan sponsors and evaluate governance practices that can help mitigate exposure and strengthen oversight.
- Assess plan fiduciary processes against current best practices for monitoring investments, service providers, and participant outcomes.
- Prepare for year-end compliance requirements by reviewing critical deadlines, operational considerations, and common areas of regulatory scrutiny.
- Apply practical strategies to improve plan administration, enhance committee effectiveness, and support ongoing retirement plan compliance and fiduciary responsibility.

REGISTER FOR THE WEBCAST ▶



Seven Critical Questions About Initial Audits for Employee Benefit Plans

Plan sponsors and HR teams may be caught off guard to learn they are required to file an initial mandatory Independent Qualified Public Accountant (IQPA) financial statement audit with their employee benefit plan's annual Form 5500. That's because plan sponsors do not receive a formal notice that an audit is required, and the rules — particularly those related to participant counts and plan changes — can be overlooked amid competing priorities. For example, a merger, acquisition, divestiture, or even rapid growth can quietly shift a retirement plan into initial audit territory before plan sponsors fully understand the implications.

Through answers to common questions, this article explains what typically triggers an initial employee benefit plan IQPA financial statement audit, what auditors expect to review, and how organizations can prepare effectively. Understanding these requirements before completing a business transaction, adding participants to the plan, or nearing key participant thresholds can significantly improve how an organization manages its initial audit. Just as important, this article positions the initial audit not merely as a one-time hurdle, but as an opportunity for plan sponsors to strengthen plan administration and compliance.

WHICH PLAN SPONSORS MUST FILE AN ANNUAL EMPLOYEE BENEFIT PLAN AUDIT WITH THEIR FORM 5500?

The sponsor of an employee benefit plan that crosses applicable regulatory thresholds must include an IQPA financial statement audit with its annual Form 5500. A plan sponsor that historically filed a short-form Form 5500 may not recognize the need for an audit until late in the year, especially if the organization has undergone business changes such as plan mergers, rapid growth, or expanded workforce eligibility. For that reason, it's important to monitor plan status throughout the year and proactively evaluate whether the plan has become subject to an initial audit requirement.

The IQPA financial statement audit of the plan is entirely separate from the employer's corporate financial statement audit. Although the IQPA audit includes some compliance questions and testing, it is not a compliance audit of the plan.



WHAT IS THE PARTICIPANT COUNT THRESHOLD, AND WHY DOES IT MATTER?

Participant count is the most common reason an initial IQPA financial statement audit is required. Whether a plan is newly established or has provided benefits for decades, an audit is required once the plan meets the applicable participant-count threshold.

Sometimes an organization's workforce increases gradually through hiring or more quickly due to business changes such as expanded eligibility or the addition of new employee groups. In any event, the following criteria generally apply:

- Plans with fewer than 100 participants on the first day of the plan year are considered **small plans** and typically are not required to file an audit.
- Plans with more than 100 participants on the first day of the plan year are **large plans** that generally are required to file an annual audit.
- As of 2023, for defined contribution plans, only participants with an account balance at the beginning of the plan year are included in the headcount.

There are some exceptions to this general rule. Under the 80-120 participant rule, plans with between 80 and 120 participants may file in the same category as the previous year. For example, if an organization filed as a small plan with 85 participants one year and then grew to 110 participants over the next plan year, it may elect to file as a small plan for that year (i.e., an IQPA financial statement audit would not be required).

WHAT CAN TRIGGER AN INITIAL EMPLOYEE BENEFIT PLAN AUDIT?

Workforce and business changes can affect a plan's participant count and, in turn, its audit requirement. It may be easy to overlook an increase or decrease in workforce, which often occurs gradually throughout the plan year for several reasons, including:

- Hiring
- Terminations and layoffs
- Expanded eligibility for benefits
- Bringing new employee groups into the plan

Business transactions are another leading trigger of an initial IQPA audit, so the need for an initial audit can sneak up on plan sponsors when attention is focused on other priorities. Plan sponsors should closely monitor the plan during events such as:

- **Mergers and acquisitions (M&A):** Retirement plans may be terminated, merged, operated side-by-side with the buyer's plan or accepted by the buyer, resulting in rapid changes to participant counts.
- **Divestitures and spin-offs:** Separating a business unit may require establishing a new plan or restructuring an existing one.
- **Plan mergers or consolidations:** Rolling multiple plans into a single plan can push the combined participant count over the audit threshold and create added recordkeeping complexity.
- **Expansion of plan eligibility:** Adding new classes of employees such as part-time or previously excluded groups can significantly increase participation.
- Rapid workforce growth: Hiring following an expansion or restructuring can move a plan past the audit threshold earlier than anticipated.
- Establishing a new plan: New plans may grow quickly and also reach audit thresholds sooner than expected.

Responsibility for monitoring changes may be dispersed across HR, benefits, and finance teams. For example, HR may track changes in eligibility or participant counts without realizing they may have triggered an IQPA audit requirement, while finance teams may not be closely monitoring plan-level thresholds. Without coordination, important Form 5500 audit filings can be missed.

WHAT IS THE PARTICIPANT COUNT THRESHOLD, AND WHY DOES IT MATTER?

Yes, initial IQPA financial statement audits are similar in scope to annual audits, but typically involve additional procedures, greater complexity, and more plan sponsor involvement. Both initial and subsequent audits examine the same core elements of the plan, including contributions, distributions, investments, and participant data. Employee benefit plan auditors test transactions, review plan operations, and assess whether the plan is being administered in accordance with its governing documents.

What distinguishes an initial audit from subsequent audits is the added focus on opening balances and historical activity. In the first year a plan is subject to audit, auditors must validate the accuracy of:

- Participant account balances coming into the audit year,
- Historical investment data and plan assets, and
- Balances transferred through plan mergers, spin-offs, or consolidations.

This is particularly important for plans affected by corporate transactions, where assets and participant data may have been moved between plans or recordkeepers. Auditors need to confirm that the data entering the audit period is complete and accurate, which generally is not revisited in the same way in subsequent years. As a result, an initial audit often requires more time from plan sponsors because gathering historical data, reconciling records, and responding to the auditor's document requests typically requires additional effort.

In addition, initial audits can potentially reveal longstanding operational issues, such as inconsistencies in compensation definitions or the calculation of deferrals. Identifying these issues also creates an opportunity for early correction.

Once the initial IQPA financial statement audit is complete, future audits may become more streamlined and predictable. Processes are established, documentation is easier to access, and plan sponsors have a clearer understanding of auditor expectations. In short, an initial IQPA financial statement audit involves everything an on-going standard financial statement audit of the plan does, plus a deeper look at where the plan is starting. While that added scrutiny can make the first year more demanding, it also lays the groundwork for smoother audits and stronger plan governance in the years ahead.

CAN AN INITIAL AUDIT HAVE POSITIVE EFFECTS ON THE PLAN?

Yes, an initial audit can positively affect the plan. More than just another compliance hurdle, an initial audit can provide a new view of how the plan has been operating. For some plan sponsors, this may be the first time such an in-depth review has been performed.

During the initial IQPA financial statement audit, auditors will examine the plan's financial data, including:

- Contributions
- Distributions
- Participant loans
- Participant data, including opening balances

This data becomes particularly important when a plan has recently merged, been spun off, or exceeded the participant threshold. The level of scrutiny used in an initial audit may uncover issues that have gone undetected for years. In practice, most initial audits surface some gaps or inconsistencies, particularly in areas like eligibility, compensation definitions, or deferral calculations.

How can identifying issues result in a positive outcome? Addressing problems early can significantly reduce long-term risk. With the findings from an initial audit, plan sponsors can correct operational failures and take steps to avoid future errors. In fact, regulators offer programs that help plan sponsors self-correct certain issues.

An initial IQPA financial statement audit can help organizations improve in several critical areas, including:

- Stronger cross-functional coordination leading to overall improvement in plan governance: An initial audit requires collaboration. HR, benefits, and finance teams must work together to gather data, respond to auditor requests, and evaluate plan processes and controls. This may be the first time these groups have focused on plan governance and may result in clearer roles, better documentation, and more consistent oversight going forward.
- Ongoing identification and correction of plan errors: An initial audit can identify errors or inconsistencies that plan sponsors can then address, which can benefit participants and reduce compliance risk. The audit also helps organizations understand the types of errors and operational issues they should monitor on an ongoing basis, allowing them to develop more robust processes and controls in these areas.

Though mandated by law, an initial IQPA financial statement audit can help improve the overall health of the plan while positioning the company to better meet its fiduciary responsibilities.

HOW SHOULD PLAN SPONSORS PREPARE FOR AN INITIAL AUDIT?

Plan sponsors should prepare for the initial audit before any triggering event occurs. By taking the following steps, plan sponsors can be ready when or if an initial IQPA financial statement audit is required by:

- **Maintaining complete and accurate documentation**.
- Periodically testing eligibility, enrollments, and all financials against plan terms.
- Improving data quality and reconciliations.
- Strengthening internal controls and reviewing governance protocols.

Early in the plan year, plan sponsors should be aware of changes to the plan that could result in an initial audit. Because there is no formal notification, it's important to actively evaluate the following well before Form 5500 deadlines fall:

- The number of participants with account balances at the start of the plan year.
- Any organizational changes tied to an M&A, plan mergers, or workforce expansion.
- Any proposed or implemented eligibility updates that may increase participation in the retirement plan.

Once a plan appears to require an initial audit, the plan sponsor's focus should shift to organization and data readiness. In order to comply with the auditor's requests and result in accurate, timely filings, plan sponsors can follow these steps:

- Start early and confirm audit requirements in advance.
- Organize documentation before auditor requests arrive.
- Establish clear roles across HR, finance, and external partners.
- Stay engaged and responsive throughout the audit process.

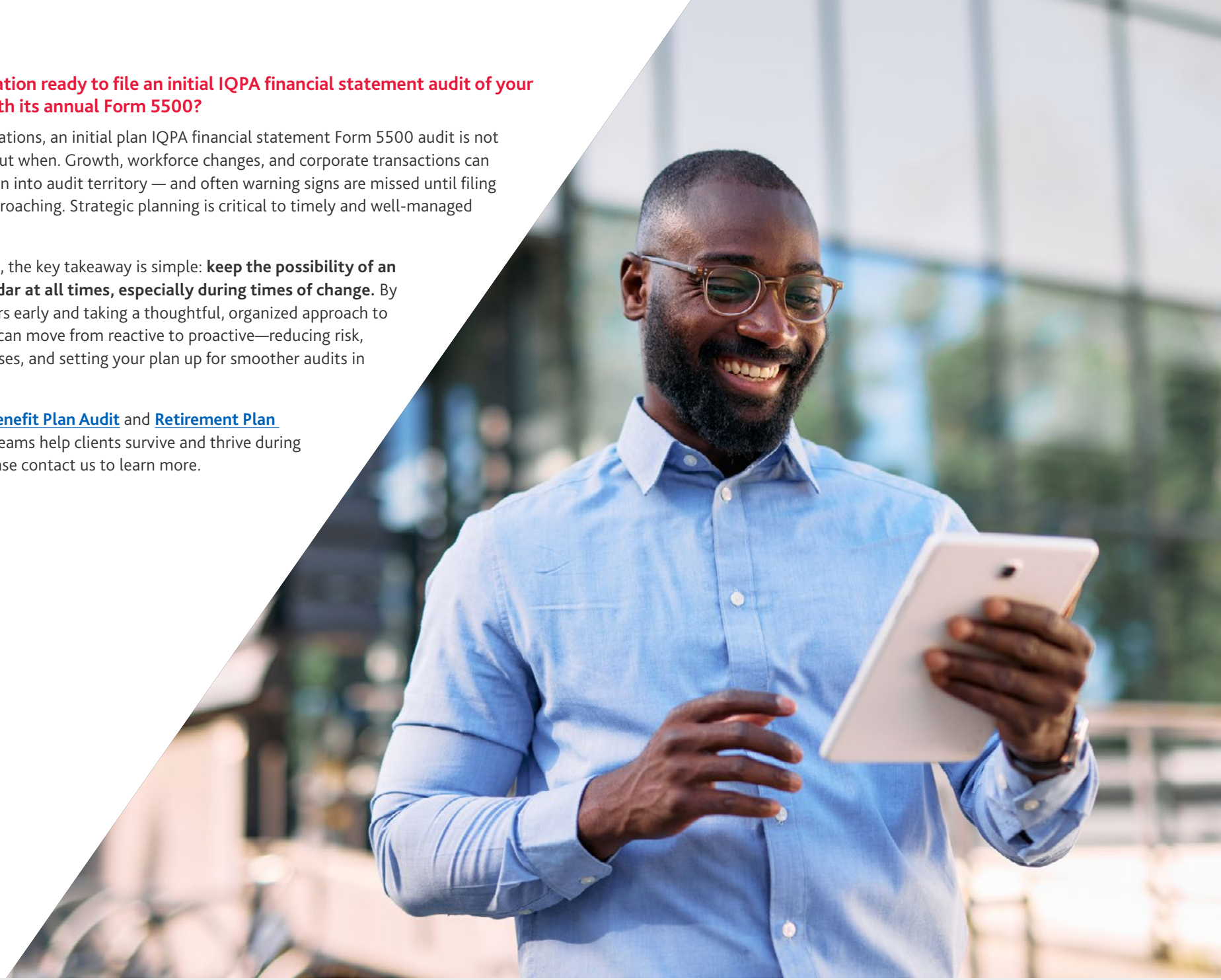


Is your organization ready to file an initial IQPA financial statement audit of your benefit plan with its annual Form 5500?

For many organizations, an initial plan IQPA financial statement Form 5500 audit is not a question of if, but when. Growth, workforce changes, and corporate transactions can quickly shift a plan into audit territory — and often warning signs are missed until filing deadlines are approaching. Strategic planning is critical to timely and well-managed compliance.

For plan sponsors, the key takeaway is simple: **keep the possibility of an audit on your radar at all times, especially during times of change.** By identifying triggers early and taking a thoughtful, organized approach to preparation, you can move from reactive to proactive—reducing risk, improving processes, and setting your plan up for smoother audits in the years ahead.

Our **Employee Benefit Plan Audit** and **Retirement Plan Administration** teams help clients survive and thrive during initial audits. Please contact us to learn more.



Oversight Considerations for Self-Certified Distributions

Self-certified distributions have become a prominent feature of the tax-qualified retirement plan landscape. Legislative and regulatory changes over the last several years, including **provisions introduced through the SECURE Acts**, have expanded participants' access to retirement funds while reducing administrative burdens for employers. Although both the Internal Revenue Service (IRS) and US Department of Labor (DOL) have jurisdiction over ERISA plans, the IRS tends to be more flexible than the DOL in allowing self-certification.

For plan sponsors, the appeal is obvious. Self-certification can streamline distribution processing, reduce the collection of sensitive participant information, and create a better participant experience. At the same time, many employers continue to have questions about their fiduciary and operational responsibilities. How much oversight is appropriate? When should concerns be escalated? What controls should be in place?

The answer varies by plan, but one principle remains consistent: plan sponsors are responsible for the operation of their retirement plans and should maintain reasonable oversight of distribution activity.

UNDERSTANDING SELF-CERTIFICATION

Self-certification allows participants to attest that they meet certain requirements for an eligible distribution without providing extensive supporting documentation to the plan sponsor. The concept gained momentum after IRS Revenue Procedure 2016-47 was released on August 24, 2016, allowing taxpayers who missed the 60-day tax-free rollover deadline due to one of 11 specific circumstances to qualify for an automatic waiver. Over time, industry support and legislative changes expanded the use of participant self-certification across additional distribution types.

For defined contribution plans such as 401(k) and 403(b) plans, self-certification may be available for certain hardship withdrawals, domestic abuse distributions and emergency personal expenses distributions, if the plan document permits them.

SELF-CERTIFICATION IS AN OPTIONAL PLAN DESIGN DECISION

One area of confusion for many plan sponsors involves the assumption that every new distribution feature must be adopted. Many SECURE Act-related distribution provisions are optional and require deliberate plan design decisions.

Before adopting additional distribution options, plan sponsors should evaluate:

- Participant needs and workforce demographics
- Administrative complexity
- Internal governance resources
- Recordkeeping capabilities
- Monitoring and oversight expectations

Some organizations may determine that broader participant access aligns with their benefits philosophy; others may prefer a more limited approach that simplifies administration and governance. Both approaches can be appropriate when supported by thoughtful decision-making and proper documentation.



THE OVERSIGHT QUESTION

One of the most common questions plan sponsors ask is how much monitoring is required once self-certification is introduced.

The challenge stems from a lack of bright-line rules. Self-certification reduces the need to collect and review participant documentation. However, plan sponsors still have fiduciary and operational responsibilities related to plan administration.

A useful framework is to focus on reasonable oversight.

Plan sponsors should maintain visibility into distribution activity, understand emerging trends, and establish a process for addressing unusual situations. A periodic review of distribution reports can help identify patterns that warrant further attention.

Examples may include:

- Significant increases in withdrawal activity
- Repeated distributions by the same participant
- Concentrated activity within a specific location or employee group
- Distribution patterns that raise questions about participant eligibility

These reviews do not require a detailed investigation of every transaction. Instead, they provide a mechanism for identifying potential concerns before they become larger compliance issues.

PRACTICAL CONTROLS FOR PLAN SPONSORS

As distribution activity increases, governance practices become increasingly important.

Plan sponsors should consider implementing the following controls:

Establish Written Procedures

Document how self-certified distributions will be administered, reviewed, and monitored.

Procedures should address:

- Roles and responsibilities
- Review frequency
- Escalation protocols
- Documentation standards
- Communication with service providers

Written procedures create consistency and help support fiduciary governance efforts.

Review Distribution Analytics

Distribution activity should be reviewed on a periodic basis, such as quarterly or semiannually.

Key metrics may include:

- Number of distributions by type
- Total distribution volume
- Participants with multiple withdrawals
- Trends by location or business unit
- Year-over-year changes

Analytics often reveal issues that may not be apparent when transactions are reviewed individually.

Create an Escalation Process

Committee members, HR professionals, and benefits administrators should understand what circumstances require additional review.

For example, plans may establish thresholds that trigger follow-up when:

- A participant requests an unusually high number of distributions
- Distribution patterns appear inconsistent with normal plan activity
- Reviewers become aware of information that calls a participant's certification into question

Having a defined process helps ensure concerns are addressed consistently.

Maintain Committee Oversight

Distribution activity should be part of the retirement plan committee's regular agenda.

Committee reviews may include:

- Distribution trends
- Compliance updates
- Control effectiveness
- Service provider reporting
- Emerging risks

Meeting minutes should reflect these discussions and any actions taken.

Building Guardrails Into Plan Design

Plan sponsors also have opportunities to manage risk through plan design.

Examples may include:

- Limiting the number of hardship or other in-service withdrawals permitted annually
- Adopting selected optional distribution provisions rather than all available options
- Requiring participants to complete a self-certification form in addition to an electronic certification process
- Establishing enhanced review procedures for higher-risk transactions

These decisions can help balance participant flexibility with administrative oversight.

What Auditors May Ask

As auditors continue to evaluate the impact of self-certified distributions, many organizations are seeing increased focus on governance and monitoring practices.

Plan sponsors should be prepared to answer questions such as:

- How does the organization monitor distribution activity?
- Who reviews distribution reports?
- How often are reviews performed?
- What controls exist to identify unusual activity?
- How are concerns investigated and resolved?
- Are plan operations consistent with plan document provisions?

Sponsors that can demonstrate a thoughtful oversight process are generally in a stronger position than organizations that rely entirely on service providers without conducting their own reviews.

LOOKING AHEAD

With retirement plan amendments and operational decisions continuing to evolve, plan sponsors should periodically revisit their distribution policies, governance practices, and oversight procedures. The decisions made today can influence compliance responsibilities for years to come.

Self-certification offers meaningful administrative efficiencies and greater participant flexibility. Organizations that pair those benefits with strong governance, documented procedures, and periodic monitoring can better position themselves to manage risk while supporting participant needs.

HOW BDO CAN HELP

As retirement plan distribution rules continue to evolve, plan sponsors must balance participant access with sound governance, operational compliance, and fiduciary oversight. Whether evaluating optional distribution provisions, implementing self-certification procedures, or reassessing monitoring and controls framework, taking a proactive approach can help reduce risk and support effective plan administration.

BDO's ERISA Center of Excellence brings together professionals across **Global Employer Services, Employee Benefit Plan Audit**, and retirement plan consulting to help organizations navigate complex plan administration and compliance considerations. Our team can assist with evaluating plan design decisions, strengthening governance practices, assessing operational controls, and identifying opportunities to enhance oversight of participant distributions.

To learn more about establishing a practical and effective framework for self-certified distributions, contact BDO's ERISA Center of Excellence.



Received an IRS Notice About Your Employee Benefit Plan? Take These Steps

Receiving an IRS notice related to your employee benefit plan can be unsettling, especially if the notice includes proposed penalties, requests for documentation, or questions about prior filings. While every situation is unique, one thing is consistent: ignoring the notice or delaying a response can make the situation more difficult to resolve.

In many cases, an IRS notice is the first indication of compliance issues that may extend beyond a single filing year. Plan sponsors and fiduciaries should use the notice as an opportunity to understand the underlying issue, assess whether additional compliance concerns exist, and establish a thoughtful response strategy.

START BY UNDERSTANDING EXACTLY WHAT THE IRS IS REQUESTING

Before taking action, carefully review the notice and identify:

- The plan referenced in the notice.
- The plan year involved.
- Any deadlines for responding.
- The reason the notice was issued.
- Documents or information being requested.
- Proposed penalties, if applicable.
- Instructions for submitting a response.

Create a summary of the notice that can be shared with internal stakeholders and advisors. This ensures everyone involved is working from the same understanding of the issue.

Do not assume the notice is limited to the specific matter identified by the IRS. For example, a notice concerning a missing Form 5500 filing could indicate broader filing or reporting issues that warrant further review.

ROUTE THE NOTICE TO THE RIGHT PEOPLE IMMEDIATELY

Government notices often arrive through general mailboxes or administrative offices and may not reach the individuals responsible for benefit plan compliance right away.

As soon as a notice is received:

- Notify the plan administrator.
- Inform appropriate HR and benefits personnel.
- Engage ERISA counsel if legal issues may be involved.
- Contact relevant service providers, such as the recordkeeper or third-party administrator.
- Determine who will coordinate the organization's response.

Assigning clear ownership at the outset can help prevent missed deadlines and duplicate efforts.

It is also a good practice to establish a central repository for all communications related to the notice, including correspondence, documentation requests, response drafts, and records of conversations with the IRS.

INVESTIGATE BEYOND THE YEAR IDENTIFIED IN THE NOTICE

One of the most common mistakes plan sponsors make is focusing exclusively on the filing year cited by the IRS.

Instead, consider conducting a broader review that includes:

- Prior Form 5500 filings.
- Extension filings.
- Audit reports and financial statements.
- Plan amendments and restatements.
- Plan termination documentation.
- Historical compliance issues.

For example, if an organization discovers a missing Form 5500 filing for one year, it may uncover additional late or incomplete filings from prior years. Addressing related issues at the same time may help reduce future compliance risks and administrative burden.

This broader review can also help identify whether the issues resulted from a one-time oversight or a breakdown in compliance procedures.

GATHER DOCUMENTATION BEFORE RESPONDING

An effective response depends on accurate information and supporting documentation.

Documents that may be relevant include:

- Executed Plan amendments and restatements.
- Form 5500 filings.
- Audit reports.
- Financial statements.
- Payroll records.
- Contribution remittance records.
- Communications with service providers.
- Documentation related to corporate transactions.
- Plan termination records.
- Evidence of corrective actions.

Take time to verify facts before submitting information to the IRS. Inconsistent or incomplete responses can create unnecessary follow-up requests and prolong the resolution process.

For fiduciaries, maintaining organized records is not just a compliance exercise. It demonstrates prudent administration and helps support decision-making during examinations or inquiries.

WORK WITH THE APPROPRIATE ADVISORS

Depending on the nature of the notice, addressing the issue may require input from multiple professionals.

Potential members of the response team may include:

- ERISA counsel.
- Employee benefit plan auditors.
- Tax professionals.
- Third-party administrators.
- Recordkeepers.
- Payroll specialists.
- Internal finance and HR personnel.

Each advisor may bring a different perspective to the issue. Legal counsel can help assess legal exposure and response strategies. Auditors and administrators can assist with historical filings and supporting records. Tax professionals may help evaluate penalty-related matters.

A coordinated approach often produces more efficient and comprehensive responses.

EVALUATE YOUR RESPONSE OPTIONS CAREFULLY

Upon gathering the relevant facts, determine whether:

- The notice accurately reflects the circumstances.
- Supporting documentation exists that may address the IRS's concerns.
- Additional corrective action is necessary.
- A written explanation should accompany your response.
- Professional representation would be beneficial during communications with the IRS.

Plan sponsors should avoid assuming that a proposed penalty must automatically be paid without further evaluation. At the same time, they should avoid making unsupported arguments or submitting incomplete information.

A thoughtful response grounded in documentation is generally more effective than a rushed submission prepared to meet a deadline.

IDENTIFY THE ROOT CAUSE

Once the immediate issue is addressed, fiduciaries should focus on understanding why the problem occurred.

Common causes include:

Organizational Changes

Mergers, acquisitions, divestitures, and ownership transitions can create uncertainty around benefit plan responsibilities. Historical records, filing obligations, and administrative processes sometimes fail to transfer smoothly.

Personnel Turnover

When key HR, payroll, or benefits personnel leave, important compliance responsibilities can be overlooked if procedures are not documented.

Plan Terminations

Some sponsors mistakenly assume filing obligations end once a plan is terminated. In many situations, filings continue to be required until all plan assets have been distributed, and final reporting obligations are satisfied.

Reliance on Service Providers

While service providers often assist with compliance activities, fiduciaries remain responsible for overseeing plan administration and confirming that required filings have been completed accurately and on time.

STRENGTHEN YOUR COMPLIANCE PROCESS GOING FORWARD

Every IRS notice presents an opportunity to improve governance and compliance processes.

Consider implementing the following practices:

- Review Form 5500 filing history annually.
- Maintain a compliance calendar with assigned owners.
- Verify that required filings have been submitted and accepted.
- Confirm that all required attachments are included before submission.
- Maintain current contact information for plan-related filings.
- Document the responsibilities of internal personnel and service providers.
- Include benefit plan compliance considerations in M&A and plan termination activities.
- Develop procedures for routing government notices immediately upon receipt.
- Maintain centralized electronic records for filings and correspondence.

These controls can help reduce the likelihood of future notices and provide greater confidence that the plan is being administered consistently and effectively.

LOOKING AHEAD

An IRS notice does not necessarily indicate a significant compliance failure, but it should always be treated as a priority. Prompt action, thorough documentation, and a coordinated response can help plan sponsors address the matter efficiently while uncovering potential issues that may require additional attention.

For fiduciaries, the response process is also an opportunity to evaluate whether existing governance and compliance procedures are sufficient to support ongoing plan administration. Identifying gaps and implementing stronger controls today can help reduce compliance risk and administrative challenges in the future.

HOW BDO CAN HELP

If your organization has received an IRS notice related to an employee benefit plan, BDO's professionals across **Global Employer Services** and **Employee Benefit Plan Audits** can work alongside your ERISA counsel and service providers to review filing histories, identify potential compliance concerns, organize supporting documentation, and help support your response strategy.





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