

# employee plans news

Internal Revenue Service  
Tax Exempt and Government  
Entities Division

A Publication of Employee Plans

## **Employee Plans News - The Who, What, When, Why and Where of Retirement Plans**

Each quarter, the *Employee Plans News* brings you the latest and greatest retirement plan information. Our articles are geared toward practitioners - attorneys, CPAs, actuaries and others - in the benefits world. In addition to our regular editions, we also send out Special Editions or News Flashes when events warrant. Recent Special Editions have featured an interview with Marty Pippins, Manager of EP Technical Guidance & Quality Assurance, on the proposed 415 regulations; the opening of the new Determination Letter Program; and news on EP's invigorated Enforcement Program.

The *Employee Plans News* is available only on the internet. We won't clog up your email inbox with a big PDF file: when each new edition is available we'll just send you a message containing a clickable link. To subscribe, just go the Retirement Plans Community web page at [www.irs.gov/ep](http://www.irs.gov/ep), click on "Newsletters" and then on "Employee Plans News." It is that easy!

---

**Each edition of the *Employee Plans News* features *Critical FewPoints*, the new Examination column written by Michael Julianelle, EP Director of Examinations, on where he's focusing resources and attention. *Employee Plans News* also features other regular features on Examination issues.**

### **From the Summer 2005 Edition of Critical FewPoints:**

There will be a prominent EP examination presence in the benefits community. EP will still be committed to providing the determination letter, outreach, and correction programs, but its focus will increase on enforcement. Right now, examinations are being performed on S Corp ESOP and 412(i) plans. Also, EP is sending soft contact letters to inform plan sponsors that EP knows these plans have abusive potential and asking these sponsors to work with EP in resolving these issues.

### **From the Spring 2005 Edition of EP Connections: Interview with Michael Julianelle:**

#### **Where do you see the EP Examination Program going in the next five years?**

Focusing on our critical few priorities while remaining nimble to change, staying if not ahead of the curve at least on the curve. I also see us continuing our customer and market segment focus, continuing to make the examination process more efficient and promoting the innovative use of current technology and data analysis.

### **From the Spring 2005 Edition: Starting Examinations ASAP after Filing:**

There's a new emphasis involving the front-end processing of Employee Plans examinations. Changes have been made in the way that most EP returns are ordered, assigned and commenced in an effort to reduce taxpayer burden and improve examination cycle time. These changes should result in starting examinations earlier after the date the return is filed and reduce the time needed to complete an examination.

In one of our more popular columns, the **Corner of Forms and Pubs**, we have all the latest and greatest information from the world of EP forms and pubs. Check out this sample from the **Corner**:

You want forms?  
We have forms.

You need pubs?  
We have pubs.

Just go to [www.irs.gov/ep](http://www.irs.gov/ep) and click on "EP Forms and Publications."

**Form  
5500**

### The Corner of Forms & Pubs

Welcome back to the Corner of Forms & Pubs the EP version of Hollywood & Vine.

#### Filing Season Begins for 2004 Form 5500 & 5500-EZ

The **Form 5500**, *Annual Return/Report of Employee Benefit Plan*, or **Form 5500-EZ**, *Annual Return of One-Participant (Owners and Their Spouses) Retirement Plan*, for the 2004 calendar year are due by August 1, 2005 (filers get a bonus day this year because July 31 falls on a Sunday). Filers may obtain a one-time extension of time to file Form 5500 (up to 2 ½ months) by filing **Form 5558**, *Application for Extension of Time To File Certain Employee Plan Returns*, on or before the normal due date (not including any extensions) of the return/report.

---

## Exam Updates, Interviews, DOL and PBGC Columns and the *Employee Plans News: The Who, What, When,*

---

*Each edition also showcases our colleagues at the Pension Benefit Guaranty Corporation in their guest column, **PBGC Insights**.*

*From the **Fall 2004 Edition of PBGC Insights**:*

### Paying PBGC Premiums Is Now Easier with New Online Filing System

With final premium filings for 2004 calendar year plans (Form 1-EZ, Form 1, or Form 1 with Schedule A) due to the Pension Benefit Guaranty Corporation (PBGC) by October 15, 2004, this is a good time to consider e-filing your premium forms and payments. For plan years beginning in 2004, PBGC's e-filing system, called My Plan Administration Account (My PAA), enables practitioners to electronically create, route, sign and submit premium filings to PBGC. If you are using My PAA to submit a premium filing that includes a premium amount due, you must use one of three options under My PAA to make this payment electronically: Automated Clearing House (ACH), electronic check or credit card. You cannot send paper checks or Fedwires to pay for e-filings.

*Each edition also features our associates at the Department of Labor in their guest column, **DOL Corner**.*

*From the **Winter 2005 Edition of DOL Corner**:*

### Automatic Rollover Rules

On September 28, 2004, DOL/EBSA released a **final regulation** that will provide retirement plan fiduciaries with guidance to help them preserve workers' retirement savings.

Certain distributions of retirement plan benefits must be automatically rolled over into an individual retirement plan when a separated worker fails to elect a distribution method. The final rule protects retirement plan fiduciaries from liability under the Employee Retirement Income Security Act (ERISA) by providing a safe harbor in connection with two aspects of the automatic rollover process - the selection of an institution to provide the individual retirement plan and the selection of investments for such plans.

Catch up on more late-breaking retirement news by checking out additions to the Retirement Plans Community web page in the **Web Spins** column. For example:

## Web Spins The Retirement Plans Community Web Page



Our web page [www.irs.gov/ep](http://www.irs.gov/ep) is updated frequently.

Bookmark us now. You'll thank us later.

We're back: **Web Spins** - the column that takes you for a quick spin around the [Retirement Plans Community web page](#). This edition's column takes a sampling from the oodles of retirement plan topics.

- **LRMs EZ as ABC** - Also as reported earlier in this edition, the new DC LRMs are available. If you want to check them out, just click on "More Topics" under the Related Topics section and select "Determinations." The new LRMs take into account recent law changes and will help sponsors write their plans in accordance with the new requirements.
- **ESOP Fables** - S Corp ESOPs are garnering a good deal of press these days. For example, the IRS recently sent 1,700 businesses and retirement plan sponsors letters warning them against abuses involving ESOPs and S corporations. EP has issued news and press releases along with proposed and temporary regulations in this area. To see the relevant guidance and information, click on "EP Abusive Tax Transactions" and select "S Corp ESOP Guidance."

---

**And a lot more: Because retiring minds want to know...  
Then, Why and Where of Retirement Plans.**

---

***Want to know what's on the minds of EP - and other IRS functions - leaders? Then be sure to read [EP Connections](#), the interview column where you can discover what new programs are on the horizon, what guidance projects are in the pipeline and what EP's priorities are.***

***From the [Winter 2005 EP Connections: Interview with Steven T. Miller](#) -***

**What direction do you see TE/GE, and especially EP, going in the short term?**

During 2004, IRS Commissioner Mark Everson asked us to begin rebalancing our work. That is, begin moving toward more enforcement while still maintaining our service levels. The IRS's Strategic Plan for 2005-2009 is built on the idea that to achieve the levels of compliance that Congress and the American public expect of us, we must increase our enforcement presence and combine it with high-quality service to our customers.

***From the [Spring 2005 EP Connections: Interview with Michael Julianelle](#) -***

**What examination initiatives are underway or being planned over the next year?**

Three key initiatives are underway in our current work plan:

- **Abusive Tax Avoidance Transactions (ATAT)** - These are specific tax transactions/schemes that reduce tax liability by taking a tax position that is not supported by law and in a way that is not consistent with the intent of the law (i.e., camouflaged to look like legitimate retirement plans);
- **Monitoring Pension Funding** - We are coordinating with DOL and PBGC to ensure appropriate information sharing and enforcement coordination; and
- **Employee Plans Compliance Unit (EPCU)** - Many questions can be resolved without an audit. This unit will be de-centralized and managed out of Chicago and will focus on soft contact approaches and our critical few priorities.

The **Employee Plans News** also has:

- **Links to EP's recently published guidance,**
- **Analysis and explanations of EP procedures,**
- **Abusive Tax Transactions info and**
- **Much, much more:**

All of this delivered **direct, free** and with just a low-space **clickable link** to your email inbox.

Each edition also has the specs on **Upcoming Benefits Conferences:**

- **Who are the featured speakers?**
- **What topics will be discussed?**
- **What government agencies will be there?**
- **The basics - where, when and how do I get more information about the conferences?**

Need a roundup? We also have post-conference recaps. So if you need continuing education credits, look to us for employee benefits conferences.



If it's in EP, it's in the **Employee Plans News:**

- **Examinations - New - and Improved - EP Exam Products (Spring 2005)**
- **Determinations - Volume Submitter Program Follow-Up (Summer 2005)**
- **Rulings & Agreements - Tips for Filing a Voluntary Correction Request (Fall 2005)**
- **Technical Guidance & Quality Assurance - Phased Retirement (Winter 2005)**
- **Customer Education & Outreach - The 2005 IRS Nationwide Tax Forums (Summer 2005)**
- **Customer Account Services - Form 2848 (Spring 2005)**

All this and so much more! There's news from DOL and the PBGC and other IRS functions as well.

**Don't delay -**

**Subscribe now -**

**You'll be glad you did!**



**Contacting Employee Plans -**

*Need Help?*

Call toll-free: (877) 829-5500

*Want to know more about retirement plans?*

Visit the Retirement Plans Community web page at [www.irs.gov/ep](http://www.irs.gov/ep).



Department of the Treasury  
**Internal Revenue Service**  
[www.irs.gov](http://www.irs.gov)  
Publication 3749 (9-2005)  
Catalog Number 31746D

**The Employee Plans News -**

- *Interviews with IRS Leaders*
- *Guidance - Formal and Informal*
- *Forms, Pubs and the Web*
- *Conference Info and Summaries*

*All of these and more, delivered four times a year - with periodic special editions when events warrant - in full-color and in easy-to-read PDF format.*

**The Employee Plans News is only available electronically.** To subscribe, just go the Retirement Plans Community web page at [www.irs.gov/ep](http://www.irs.gov/ep), click on "Newsletters" and then on "Employee Plans News." It's that easy!