The National Coordinating Committee for Multiemployer Plans (NCCMP) - Agency Update
Internal Revenue Service
Tax Exempt and Government Entities
Employee Plans - Examinations
Area Manager - Gulf Coast
Multiemployer Plans

The Internal Revenue Service’s - Tax Exempt and Government Entities Division – Employee Plans - Examinations - has jurisdiction over examining (auditing) the 5500 returns for Multiemployer Plans
Employee Plans Examinations and Rulings and Agreements has a cadre of Agents, Actuaries, Tax Law Specialists and Counsel who are Multiemployer plans trained and are recognized experts in these type of plans.
Multiemployer Plans – IRM 4.72.14


Program Scope and Objectives

- (1) **Purpose**: IRM 4.72.14, *Employee Plans Technical Guidance, Multiemployer Plan Examination Guidelines*, provides technical guidance as well as examination steps an Employee Plans (EP) agent should take when auditing multiemployer plans. This material may also be helpful to reviewers in EP Mandatory Review, Special Review and Determinations who work with multiemployer plans.
1) Copies of Actuarial Reports for the following Valuation dates: January 01, 2015, January 01, 2016, and January 01, 2017;

(2) Copies of any Funding Improvement or Rehabilitation Plans adopted by Trustees (if applicable);
3) A copy of the current Plan document, the latest IRS Determination letter issued on this Plan and all amendments made from issuance of such Determination Letter;

(4) Copy of Summary Plan Description (SPD) in place during year of examination (PYE 12/31/2015);
5) Copy of Plan’s written procedures / internal controls;

(6) A copy of the Fund’s latest Trust document;
(7) Copies of Board of Trustee Meeting Minutes and underlying committee minutes (if any) held during the following period: January 01, 2014 through December 31, 2017; and

(8) Copies of collective bargaining, participation agreement (side agreements) and reciprocity agreements in effect for year of examination.
Multiemployer Plans - Interview

• Any related funds/arrangements (e.g. vacation, health & welfare, etc.)?

• What is/are the business activities of participating employers?

• How many participating employers are there?
Multiemployer Plans - Interview

• What are the different job classifications for plan participants?
• What geographic areas are covered by the Plan?
• What is the nature of reciprocity agreements entered into with other plans (if any)?
Multiemployer Plans - Interview

• What is the nature of other side agreements entered into by plan (if any)?
• What is the nature of participation agreements entered into for non-bargaining unit employees (if any)?
• Were there any significant events that have impacted plan (e.g. merger, strike, litigation, etc.), in recent years?
Multiemployer Plans - Interview

• What is the Plan’s compliance audit policy (e.g. in-house, field, contract auditors, etc.)?

• What procedures are in place for the assessment and collection for withdrawing employers (withdrawal liability)?

• What is the property arrangements for fund offices (own, rent, etc.)?
Multiemployer Plans - Interview

- What is the payroll arrangement for Fund employees?
- Who files Forms 1099-R and what EIN is used?
- Who files Forms 1042-S and what EIN is used?
Multiemployer Plans - Interview

- Was there any reported UBI filings (Form 990T)?

- Were there any reported prohibited transaction filings (Form 5330)?

- Has the Fund been issued any Department of Labor Exemptions?
Top 10 Common Compliance Issues:

Errors made in benefit calculations, crediting service, reduction factors, general administration.
Top 10 Common Compliance Issues:

Failure to properly test for non-discrimination (ADP) for bargaining unit employees, and non bargaining unit employees eligible to participate in multiemployer 401(k) plans.
Top 10 Common Compliance Issues:

Plan did not make required actuarial adjustments for benefit payments beginning after Normal Retirement Date
Multiemployer Plans - Compliance

Top 10 Common Compliance Issues:

Deficient Plan Language and/or Conflict between Plan Document and Other Agreements (Collectively Bargained, Joinder, Participation)
Multiemployer Plans - Compliance

Top 10 Common Compliance Issues:

Internal Revenue Code Section 401(a)(9) violation (required minimum distributions)
Top 10 Common Compliance Issues:

Plan fails to follow or does not have a participation agreement for each participating employers
Multiemployer Plans - Compliance

Top 10 Common Compliance Issues:

Accruals/service crediting is incorrectly dependent on employer contributions being made to defined benefit plans and money purchase defined contribution plans.
Multiemployer Plans - Compliance

Top 10 Common Compliance Issues:

Internal Revenue Code Section 411 violations including cash out/forfeitures from lost participants, wrong vesting schedule used, and error in vesting percentages.
Top 10 Common Compliance Issues:

Delinquent/late contributions
Multiemployer Plans - Compliance

Top 10 Common Compliance Issues:

Misuse/Diversion of Pension Funds
Multiemployer Plans - Resources

Internal Revenue Manual (IRM) 4.72.14 -
Employee Plans Technical Guidelines,
Multiemployer Plan Examination Guidelines.

www.IRS.gov/EP
QUESTIONS?