



**The National Coordinating
Committee for Multiemployer
Plans (NCCMP) - Agency Update**



William Hunt

Internal Revenue Service

Tax Exempt and Government Entities

Employee Plans - Examinations

Senior Employee Plans Specialist,

Multiemployer Plans Subject Matter Expert

(SME) – Northeast Area (Mountainside,

New Jersey)



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



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

- **Internal Revenue Manual (IRM) 4.72.14.1 (09-26-2017)**
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.



Multiemployer Plans – IRM 7.11.6

- **Internal Revenue Manual (IRM) IRM 7.11.6 (08-22-2019)
Program Scope and Objectives**
- (1) **Purpose:** IRM 7.11.6, *Employee Plans Determination Letter Program, Multiemployer Plans*, provides technical guidance as well as procedural steps an Employee Plans (EP) specialist should follow when reviewing Employee Plans (EP) Determination Letter (DL) applications for multiemployer plans. This material may also be helpful to reviewers in EP Mandatory Review, Special Review and Agents who examine multiemployer plans.



Multiemployer Plans – TE/GE Changes

TE/GE Fiscal Year 2019 Program Letter

<https://www.irs.gov/pub/irs-pdf/p5313.pdf>

Compliance Strategy Process, we consider the most appropriate, cost-effective, and least intrusive compliance treatments, including educational efforts, soft letter compliance reviews, compliance checks, and correspondence or field examinations



Multiemployer Plans – Examinations

Compliance Strategy Approach is now used to select 5500s for examination

Current Multiemployer Exam Workload

Future Multiemployer Exam Workload

Mandatory Pre-Determined Focused Audit
Changes



Multiemployer Plans – Focused Audit Approach

- 1) ‘Compliance Strategy’ Issue (if not included below);
- 2) ‘Plan Qualification’ will require the review of the plan document, and the following related records that are applicable for the plan year under examination: CBAs; Side agreements; Participation agreements; Reciprocity agreements; and Trust documents.



Multiemployer Plans – Focused Audit Approach

- 3) 'Distributions';
- 4) 'Service Crediting' (when the plan has a payroll audit program in place, issue can be limited to a review of such program in form and operation only);
- 5) 'Funding in Defined Benefit Plans' (not required when the plan's funding status is Green); and



Multiemployer Plans – Focused Audit Approach

6) IRC 401(k) ‘non-discrimination testing’ for bargaining unit employee group(s), and IRC 401(k)/401(m) ‘non-discrimination testing’ for non-bargaining unit employee group(s).



Multiemployer Plans – Voluntary Correction Program

The Voluntary Correction Program (VCP) enables a plan sponsor (at any time before audit) to pay a fee and receive IRS approval for correction of plan failures. VCP procedures can be found within Part V. of Revenue Procedure 2019-19.



Multiemployer Plans – Compliance Issues Top Ten List

1. Plans fail to make required actuarial adjustments for benefit payments beginning after Normal Retirement Date as required by IRC Section 411(b)(1)(H)(i)
2. Internal Revenue Code Section 401(a)(9) violation (required minimum distributions)
3. Missing Participant Treatment



Multiemployer Plans – Compliance Issues Top Ten List

4. Errors made in benefit calculations, crediting service, reduction factors, general administration
5. Deficient Plan Language and/or Conflict between Plan Document and Other Agreements (Collectively Bargained, Joinder, Participation)



Multiemployer Plans – Compliance Issues Top Ten List

6. IRC 401(k) Plans fails to perform required nondiscrimination tests (ADP and ACP)
7. Plan fails to follow or does not have a participation agreement for each participating employer
8. Accruals/service credit is dependent on employer contributions being made



Multiemployer Plans – Compliance Issues Top Ten List

9. Internal Revenue Code Section 411 violations including cash out/forfeitures from lost participants, wrong vesting schedule used, and error in vesting percentages
10. Misuse/Diversion of Pension Funds



Multiemployer Plans - Resources

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

Internal Revenue Manual (IRM) 7.11.6 -
Employee Plans Determination Letter Program,
Multiemployer Plans.

www.irs.gov/EP



Multiemployer Plans - Thank You

QUESTIONS?