

# EMPLOYEE PLANS FY 2008 WORK PLAN

## Operating Priorities



September 2007

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# **FY 2008 Employee Plans Work Plan**

## **Executive Summary**

The work plan provides the strategic Operating Priorities for Employee Plans for FY 2008, as well as specific program guidance for Examinations, Rulings & Agreements and Customer Education & Outreach employees. In fulfilling our mission of protecting retirement plan assets and the benefits of plan participants, it is incumbent that our organization fosters and promotes plan sponsors compliance with the applicable Internal Revenue Code provisions. While our Determination, Voluntary Compliance and Technical Activities programs are designed to assist plan sponsors compliance with the IRC, our Examinations and Compliance Unit also play an integral role in ensuring compliance through their enforcement actions. Pension law is complex and ever-changing. Assisting plan sponsors in properly maintaining their plans is an ongoing challenge, and one that we should all strive towards achieving.

The Strategic Plan outlines three strategic goals that continue to guide the direction of the agency:

- Improve Taxpayer Service;
- Enhance Enforcement of the Tax Law; and,
- Modernize the IRS through its People, Processes and Technology.

The Operating Priorities for FY2008 are as follows:

- Provide plain language information and communicate enforcement trends and tips to plan sponsors;
- Continue to address abusive transactions by:
  - Completing enforcement action on all in-process abusive 412(i) plans and Subchapter S-Corp ESOP cases by the end of FY2008;
  - Developing strategies for identifying and addressing new abusive schemes; and,
  - Using EP Compliance Unit (EPCU) resources to leverage coverage and expand compliance contacts in areas where statistical analysis has indicated potential abuses, data inconsistencies, and/or areas of non-compliance.
- Utilize results from the Market Segment Examinations to identify areas of non-compliant behavior and to develop risk-based targeted examination projects. Complete these audits using the Focused Examination approach;
- Ensure the staggered determination process stays on schedule by:
  - Issuing opinion and advisory letters on all timely filed Defined Contribution pre-approved plans by March 31, 2008;
  - Closing 60% of Cycle A submissions by January 31, 2008; and,
  - Starting the technical review of the Defined Benefit pre-approved plans by April 2008.

- Continue to Address the Provisions of the Pension Protection Act of 2006 (PPA) by:
  - Increasing Awareness and Knowledge of Small Employers of Correction Programs as Required by Section 1101;
  - Continuing to work with Treasury and Counsel to issue guidance identified in the IRS/Treasury Priority Guidance Plan; and,
  - By September 30, 2008, complete and issue determination letters on 80% of the 1,250 Cash Balance plans that were removed from suspense in January 2007.
- Continue efforts to further reduce the inventory and case processing time frames of Voluntary Compliance (VC) submissions to improve Customer Service;
- Design a pre-approved and/or Determination Letter program for IRC 403(b) arrangements to commence by January 2009; and,
- Support IT Projects (e.g., TE/GE Reporting and Electronic Examination System (TREES), TE/GE Determination System (TEDS), and ERISA Filing Acceptance System (EFAST2) by providing the necessary resources for the development, testing and training required to implement the systems. Once TREES and TEDS are rolled out and operational, ensure they are effectively utilized by the impacted employees.

## FY2008 EP Operating Priorities

- **Provide Plain Language Information and Communicate Enforcement Trends and Tips to Plan Sponsors**

- **Background**

Demand for plain language information continues to increase as plan sponsors, and plan participants seek information about the operation of their retirement plans. Traditionally, published technical guidance is written to meet the needs of the benefits practitioner customer segment. Published guidance includes Treasury Regulations, Revenue Rulings, Revenue Procedures, Notices and Announcements.

The following demographics contribute to the increasing demand by plan sponsors, employers and plan participants for plain language information. Providing this information will facilitate their ability to fully take advantage of the benefits of retirement plans, as well as increase their understanding of plan provisions and compliance responsibilities.

- The growth in employee-directed accounts (e.g., 401(k) plans) vs. the decline in employer-managed benefits (e.g., defined benefit plans). The employer-managed plans require the services of benefits practitioners such as enrolled actuaries. Many employee-directed plans (especially IRA-based plan) require less professional assistance.
- The shift of responsibility from employer to employee for many decisions regarding retirement savings – requiring employees to take on more responsibility for their retirement. Many older workers must make decisions on such things as investment diversification for which they may not be prepared, in order to assure they have adequate savings during retirement.
- The aging population, extended life expectancies and accelerating employee turnover.

Plain language information includes content posted to Retirement Plans Community web page ([www.irs.gov/ep](http://www.irs.gov/ep)) under the segments for Plan Sponsor/Employer and Plan Participant/Employee. This includes such items as: frequently asked questions, publications, newsletter articles in the *Employee Plans News* and *Retirement News for Employers*, and *Timing Is Everything* educational flyers for plan participants and employees.

- **FY 2008 Strategies**

Customer Education & Outreach (CE&O) will coordinate with Rulings & Agreements and Examinations on providing plain language information, primarily focusing on guidance related to the Pension Protection Act of 2006 (PPA). Based on an initial review of the 2007-2008 Priority Guidance Plan, guidance items have been identified where plain language information would benefit the education of applicable customers. Ideally, the plain language information will be made available as soon after the issuance of the applicable guidance item. Periodically during the year, further reviews of the guidance plan will be completed to identify the need for additional plain language information. Where possible, CE&O will link the plain language information to related enforcement trends and tips. Hyperlinks will allow users to obtain further technical information such as definitions and key words, as well as applicable law, regulations and other published guidance. A good working model is the

Publication 4483, 403(b) Tax-Sheltered Annuity Plan for Sponsor (Be Aware of Common Mistakes), which highlights mistakes noted during the examination process. An online version posted on the web page has key word(s) that link to additional published guidance.

The strategy for communicating enforcement trends and tips to plan sponsors is focused on Section 1101 of PPA, which directed the Treasury Secretary to increase awareness and knowledge by small employers of the IRS Correction Programs (i.e., EP Compliance Resolution System (EPCRS)). Several significant efforts are planned in FY 2008.

- 1) There will be a marketing of the correction content posted on irs.gov, which links the web topic “EP Compliance Trends & Tips” with the web topic “Correcting Plan Errors”. The trends are common mistakes that IRS, Employee Plans, has identified through its compliance activities. For each trend there are tips on how to identify, correct, and avoid the plan mistake. Tools will be posted on irs.gov to assist employers in avoiding plan mistakes. Included will be such items as checklists, charts, flowcharts, and to-do lists.
- 2) IRS Retirement Plan Correction Programs Workshops will be delivered to small business practitioners/owners to educate them on how to identify, correct and avoid common plan mistakes. The content of these workshops will be marketed to employers who operate SIMPLE IRAs, SEPs and similar retirement plans. This marketing focus is based on the analysis of Voluntary Compliance submissions and examination results that reflect a high area of noncompliance.

Within the correction content, CE&O will continue to market Check-Ups for various retirement plan types. Just like an automobile, a retirement plan needs regular attention and care to keep it operating well. A retirement plan check-up saves time, paperwork and money for employers by timely identifying, correcting and avoiding plan mistakes. Thus, Check-Ups involve a three-step approach with the goal of increasing awareness by employers of the need to properly operate their retirement plans, pointing them to further information and services. Check-Ups are available on the web page and are detailed in Publication 4405, *Have you had your Check-up this year?...for SIMPLE IRAs, SEPs, and Similar Retirement Plans*, Publication 3066, *Have you had your Check-up this year?...for 401(k) Retirement Plans*, and Publication 4547, *Have you had your Check-up this year?...for 403(b) Retirement Plans*.

- **Continue to Address Abusive Transactions by:**
  - **Completing Enforcement Action on All In-process Abusive 412(i) Plans and Subchapter S-Corp ESOP Cases by the End of FY2008;**
  - **Developing Strategies for Identifying and Addressing New Abusive Schemes; and**
  - **Using EP Compliance Unit (EPCU) Resources to Leverage Coverage and Expand Compliance Contacts in Areas where Statistical Analysis has Indicated Potential Abuses, Data Inconsistencies, and/or Areas of Non-compliance.**

- **Background**

Abusive tax avoidance transactions (ATAT) involving employee plans continue to be a concern. Addressing the abuses in a timely and consistent manner is a high priority. Two identified transactions that take advantage of the tax-exempt status of retirement plans are:

- S Corporation ESOPs that violate IRC 409(p), and
- IRC 412(i) plans that take deductions for excessive insurance.

Actions have been taken to actively pursue these abuses through examinations and discussing abusive practices during outreach opportunities. Cross-divisional Issue Management Teams (IMTs) have been established to address these abuses through the development of resolution strategies and program guidance.

New emerging issues continue to be identified from both internal and external sources. Examinations has been evaluating these issues to determine the level and scope of abuse. When appropriate, sample examinations are conducted to confirm that an issue is abusive.

The EPCU was established to focus on areas of potential noncompliance by using methods which are intended to pinpoint specific errors or anomalies in data and identified trends. Depending on the complexity of the issue, the Unit can often contact large populations and evaluate the potential for non-compliance on an issue with minimal burden to compliant taxpayers. In cases where issues are found, the EPCU works to resolve the problem and educate the taxpayer. When errors appear pervasive, the EPCU coordinates with other functions to implement broad-scope resolutions. In instances where an issue is beyond the scope of the EPCU, cases are referred for examination. This approach allows Examinations to use resources more efficiently, and to more rapidly identify issues.

Intranet and internet websites have been modified to discuss the ATAT program. The internal website includes newsletter articles, referral procedures, and training material. Desk Guides have been developed to assist agents with the examination of these plans. These guides provide tools for agents to use on examinations, including technical guidance, letters, Information Document Requests, and Revenue Agent Reports (RARs).

The irs.gov web site provides:

- Information on “listed transactions” in retirement plans, and
- Technical guidance that has been issued to shut down transactions that are deemed abusive.

- **FY 2008 Strategies**

The following strategies will be employed:

- An aggressive stance will be taken towards all identified abusive tax avoidance transactions;
- Resolution strategies for S Corporation ESOPs that violate IRC 409(p), and for IRC 412(i) plans that take deductions for excessive insurance will continue to be refined;
- EPCU resources will continue to be utilized to supplement examinations of IRC 412(i) plans;
- Examination selection strategies will be refined to determine the most abusive plans that should be examined, using promoters’ client lists and refined searches of the RICS database;
- All ATAT audits that were in-process when the GSI was announced, and cases that were started in late FY 2006, will be completed in FY 2008;
- Cases started in FY 2007 are expected to be closed at the group level prior to the end of FY 2008; and,
- Follow-up will occur on potentially abusive ESOPs and IRC 412(i) plans that received GSI notification letters and did not elect to participate in the GSI.

Examinations or other compliance activities will continue on those taxpayers that received Announcement 2005-80 GSI letters, but did not elect to participate in the GSI. Support to the Lead Development Center (LDC) will be provided for investigations involving qualified retirement plans. Since a large number of examinations are expected to be unagreed, Examinations will continue in its coordinated efforts with Counsel and Appeals. TE/GE Counsel attorneys have been assigned to work with EP Examinations agents on unagreed ATAT cases. Prototype RARs have been prepared and approved by Counsel to be used on unagreed cases to ensure consistency. Examinations will also explore establishing a fast-track settlement program in conjunction with Appeals and SBSE in the event of an excessive number of unagreed cases.

Examinations will continue partnering with SBSE, the LDC, and Criminal Investigation to address the abusive pension plan practices identified in current projects, and will identify other abusive transactions while continuing to develop resolution strategies. Examinations is currently evaluating two emerging issues that are potentially abusive. One transaction appears to circumvent the IRC 4980 excise tax on the reversion of excess assets from a terminating defined benefit plan. Another transaction involves a prototype 401(k) or profit sharing plan established for the primary purpose of allowing an individual to access retirement assets. Individuals then use the assets to acquire a business or franchise while avoiding taxes and penalties on the qualified plan distributions. Examinations has examined a sample of plans with these characteristics to determine the type and level of abuse and to determine the appropriate future action. In conjunction with R&A and TE/GE Counsel, technical guidance will be developed to address each issue, and the appropriate compliance actions.



The EPCU will be used to evaluate the results of completed projects and use that information to change existing strategies, if necessary. In addition, the EPCU will commence new projects and project-related activities to pursue and investigate areas of potential noncompliance. Among the new projects are: a review of Master & Prototype plans; minimum required distributions; and, the Form 5500, Schedule A (Insurance Information). The EPCU will also analyze new data sources to enhance its ability to detect areas of potential noncompliance.

In addition, CE&O will be refining and updating the abusive transaction information on the Retirement Plans web page ([www.irs.gov/ep](http://www.irs.gov/ep)) and the EP Intranet site on an ongoing basis.

- **Utilize Results from the Market Segment Examinations to Identify Areas of Non-Compliant Behavior and to Develop Risk-based Targeted Examination Projects. Complete these Audits Using the Focused Examination Approach**

- **Background**

The baseline analysis phase of the Risk Assessment Program is nearing completion. These examinations were conducted to evaluate the compliance levels of each market segment of Form 5500 filers. During the follow-up phase, baseline data will be analyzed to refine issue focus. Market segments with a high degree of potential non-compliance are selected for examination. These follow-up examinations are referred to as Risk Base Targeted (RBT) examinations.

RBT examinations are expected to improve the use of resources by leading to more productive examinations, focusing on less compliant segments. Issues are pre-selected based upon the analysis of the completed baseline segments. Of the 47 baseline segments reviewed to date, 24 have been identified as having a high degree of non-compliance. Information regarding these 24 can be found on the EPP web page which will be updated throughout the year.

Current examination procedures call for field agents to use Focused Examination procedures for all examinations. The primary objective of the focused examination initiative is to use a process that focuses on key issues based on plan type and industry. This concept allows agents to perform examinations more effectively and efficiently. In addition, this approach reduces time on an examination allowing for increased examination coverage and minimizes the compliant taxpayer's time and expense.

Focused Examination techniques are characterized by several key concepts and examination activities:

- Cases are assigned with the expectation that the audit will be primarily focused on three mandatory pre-determined issues.
- The agent takes the following actions:
  - Performs a comprehensive pre-audit analysis selecting two additional issues;
  - Solicits only documents required to resolve these issues;
  - Uses effective interview techniques;

- Evaluates a taxpayer's system of internal controls;
- Expands the audit scope based on facts and circumstances; and,
- Closes the case as soon as the known issues are resolved.

- **FY 2008 Strategies**

The following priorities will be emphasized:

- Continue to leverage Data Analysis Unit (DAU) and EPCU resources for enhanced inventory selection and to ensure expanded and broader coverage through compliance contacts;
- Establishment of a LESE (Learn, Educate, Self-Correct, Enforce) Project Selection Team for recommending and developing future projects. The team would consist of a cross section of employees from each function within Employee Plans;
- Complete the summary and analysis of the remaining Risk Assessment Baseline segments; and
- Continue to perform RBT examinations on all identified non-compliant segments and any additional closed segments that have a high degree of non-compliance.

DAU resources provide a unique set of skills that significantly enhance the ability to analyze data sources. The DAU will continue to assist in performing expert level data analysis to determine appropriate examination strategies and ways to improve selection criteria. This includes providing abusive transaction automated support and evaluating trends and patterns in each closed risk assessment baseline segment. The DAU is developing a compliance risk model which uses advanced statistical and machine-learning methods to score returns, based on their likelihood of noncompliance. The model will be tested during FY 2008. Numerous LESE projects have already been identified through the development of this model.

The LESE concept was started in FY 2007 and uses “judgment sampling” as selection criteria. Selections are based upon personal, informed judgments that cases contain issues of interest. To identify issues of interest, all available information from agents, referrals, media, determinations, outreach, and other sources are considered. The LESE Project Selection Team, which will be a cross selection of employees from all functions within EP, will be responsible for recommending and developing future projects for the program.

By the end of FY2008, the remaining examinations that are part of the Risk Assessment baseline analysis will be completed, and additional RBT segments will be identified. An analysis of the entire Risk Assessment Program will be completed in order to determine the future direction of examination resources. The analysis will be shared throughout EP. We will continue to refine and update the risk assessment design and long-term plan. As market segments are closed, the findings will be shared with CE&O for posting on the Retirement Plans web page ([www.irs.gov/ep](http://www.irs.gov/ep)).

- **Ensure the Staggered Determination Process Stays on Schedule by:**
  - **Issuing opinion and advisory letters on all timely filed defined contribution pre-approved plans by March 31, 2008;**
  - **Closing 60% of Cycle A Submissions by January 31, 2008; and,**
  - **Starting the technical review of the Defined Benefit pre-approved plans by April 2008.**

- **Background**

EGTRRA defined contribution pre-approved plans were submitted for review by January 31, 2006. A dedicated cadre was established to review these plans and provide a consistent approach in the approval of specimen plan language. The submission period for the defined benefit pre-approved plans ends on January 31, 2008.

The second component of the staggered approach involves the submission of individually designed plans. The filing patterns of the first cycle under the new staggered remedial amendment period produced a “mini-spike” in inventory as the cycle ended January 31, 2007. Approximately 73% of the Cycle A applications were received during the final week of Cycle A, creating an immediate backlog of applications.

- **FY 2008 Strategies**

Priority will be given to completing the defined contribution pre-approved program with the issuance of opinion and advisory letters by March 31, 2008. In March 2008, Determinations will train the cadre of specialists that will be assigned to work the defined benefit pre-approved plans received by the January 31, 2008 deadline. This cadre of approximately 20 specialists will begin working these plans as they complete their defined contribution plans.

Determinations will also continue to focus on concluding the review of the Cycle A submissions. On-cycle applications that are received early in their cycle will be worked contemporaneously with prior period submissions. Determinations will continue to work with CE&O to encourage the practitioner community to submit EGTRRA applications ratably during the cycle rather than waiting until the end of the period.

- **Continue to Address the Provisions of the Pension Protection Act of 2006 (PPA) by:**
  - **Increasing awareness and knowledge of small employers of correction programs as required by Section 1101;**
  - **Continuing to work with Treasury and Counsel to issue guidance identified in the IRS/Treasury Priority Guidance Plan; and,**
  - **By September 30, 2008, complete and issue determination letters on 80% of the 1,250 Cash Balance Plans that were removed from suspense in January 2007.**
  
- **Background**

PPA provided numerous provisions for retirement plans, many of which required quick and timely action:

  - Section 1101 requires the IRS to increase the awareness and knowledge of small employers concerning the availability of the EP Compliance Resolution System (EPCRS).
  - PPA included guidance for the processing of approximately 1,250 determination applications for cash balance conversion plans (hybrid plans that incorporate elements of both defined benefit and defined contribution plans) that have been held in suspense for up to six years due to pending legislative proposals and various court decisions. Due to politically sensitive issues encountered in FY2007, the delayed issuance of PPA guidance, and the degree of technical difficulty with these plans, unexpected delays were experienced in the processing of these applications.
  - PPA places more stringent standards on the funding requirements of various types of defined benefit plans. Most of these funding requirements go into effect in plan years that begin after December 31, 2007. Many defined benefit pension plans were well-funded during the 1990s when the stock market was booming. Often no contribution was required in order to meet the minimum funding standards; however, as a result of the decline in the stock market, fall in interest rates, and the economic downturn during the first part of the 21st century, an increasing number of defined benefit plans became underfunded and now require substantial contributions to satisfy the minimum funding standards. One of the results of the underfunding was the enactment of various provisions of PPA.
  - PPA also makes several changes to the Code and ERISA to allow for automatic enrollment in section 401(k) plans, with the intended result that more employees will become participants in these plans. Section 901 of PPA also added IRC 401(a)(35) which requires certain defined contribution plans that hold publicly traded employer securities to contain certain diversification requirements.

- **FY 2008 Strategies**  
**PPA Section 1101**

Marketing efforts have been planned to address the requirements of Section 1101 for small employers. During FY 2008, EP employees will present workshops geared toward plan sponsors and practitioners unfamiliar with employee benefits practice to familiarize them with the legal requirements related to tax favored retirement plans, emphasize the importance of proper plan maintenance, and present the correction programs under EPCRS. These topics will be covered at the 2008 IRS Nationwide Tax Forums and other educational events. For further details on the marketing efforts, see Operating Priority “Provide Plain Language Information and Communicate Enforcement Trends and Tips to Plan Sponsors”.

Voluntary Compliance will champion a product-based customer satisfaction project in FY 2008 involving R&A, Exams, CE&O and external stakeholders to optimize the Employee Plans Compliance Resolution System (EPCRS), particularly with respect to small employers. The project will be coordinated with the Advisory Committee for Tax Exempt and Government Entities (ACT), and it will be designed to complement their project which will focus on leveraging EPCRS in accordance with PPA. As part of this project, Voluntary Compliance and CE&O have developed workshops geared toward plan sponsors and practitioners unfamiliar with employee benefits practice. The workshops will address the legal requirements related to tax favored retirement plans, the importance of proper plan maintenance, and EP’s correction programs. These topics will be presented at Tax Forums and other outreach venues during FY 2008. EP personnel will also work together with internal and external stakeholders to develop other product-based enhancements to EPCRS.

**Guidance**

- Work with Chief Counsel and Benefits Tax Counsel of the Department of the Treasury to assure that final and proposed regulations in the funding area are issued;
- Identify published guidance containing transition rules, and ascertain whether those transition rules need to be extended;
- Develop guidance in areas involving defined contribution plans that have not been addressed. Among these items will be guidance on the reporting of distributions under a section 403(b) tax sheltered annuity arrangement for public school employees, and additional guidance on the diversification requirements under IRC 401(a)(35); and,
- Continue coordination with the Employee Benefits Security Administration of the DOL and the PBGC.

**Cash Balance Plans**

In conjunction with the Office of Chief Counsel and Treasury, alternatives will be pursued to remove the current obstacles faced with resolving the backloading of benefits issue that has been the subject of concern by many professional organizations. If these challenges are not repeated in FY2008, R&A expects to complete and issue determination letters on 80% of the cash balance plans originally held in suspense.

- **Continue Efforts to Further Reduce the Inventory and Case Processing Time Frames of Voluntary Compliance (VC) Submissions to Improve Customer Service**
  - **Background**  
EPCRS provides a comprehensive system of correction programs that permit plan sponsors to correct failures in qualified plans, tax sheltered annuities, etc. Customer demand under the Voluntary Correction Program (VCP) has doubled in recent years, exceeding VC staffing and processing capabilities. In addition, many submissions have related determination letter applications. To meet the increased customer demand, VC has implemented several changes to submission and case processing procedures which have resulted in increased case closures and reduced case processing time. Despite increasingly high levels of receipts, the open inventory for VCP has been reduced from 2,694 cases as of September 2005 to 1,301 cases as of August 2007.
  - **FY 2008 Strategies**  
VC resources will continue to be supplemented by support from EP Technical to further reduce the inventory and to improve case processing time frames. VC will further explore the expanded use of streamlined case processing procedures including the expanded use of “streamlined compliance statements”. VC will continue to partner with the practitioner community to make further program improvements. Special attention will be given to improve the availability of EPCRS for small employers, consistent with the provisions of Section 1101 of PPA.
- **Design a Pre-Approved and/or Determination Letter Program for IRC 403(b) Arrangements to Commence by January 2009**
  - **Background**  
Recently released Treasury regulations require sponsors of 403(b) plans to maintain a written document. There are approximately 24,000 employers who sponsor 403(b) plans. These sponsors will need assurance that their plans comply with the Internal Revenue Code.
  - **FY 2008 Strategies**  
Rulings and Agreements (R&A) will begin the design and development of both Master & Prototype/Volume Submitter and individually-designed plan programs. This will primarily involve the drafting of revenue procedures, worksheets, alert guidelines, list of required modifications and other materials to support the two new 403(b) programs. R&A will work with Counsel and Treasury to initiate the process of drafting the guidance and other related materials necessary for commencement of the program. Guidance, Technical and Determinations will supply resources to support this project.

- **Support IT Projects (e.g., TE/GE Reporting and Electronic Examination System (TREES), TE/GE Determination System (TEDS), and Electronic Filing Acceptance System (EFAST2) by Providing the Necessary Resources for the Development, Testing and Training Required to Implement the Systems. Once TREES and TEDS are Rolled Out and Operational, Ensure they are Effectively Utilized by the Impacted Employees**

- **Background**

TEDS is being developed to replace the legacy EP/EO Determination System (EDS) with new technology and significantly enhanced functionality. TEDS will address EDS' capacity weaknesses and will support timely and accurate processing of applications for determination letters.

TEDS Release 1, deployed in March 2004, provided the technical infrastructure to support the redesigned determination process and limited functionality to process the Form 5307 application. TEDS Release 2 provides access to electronic files and images of all EO applications and enhanced functionality for Form 5307 submissions. The release allows EP and EO screeners to work a scanned application from receipt until the case is sent for EDS closing or further processing. Phases 3 and 4 are planned to be rolled out during FY2008 and will provide full case processing functionality for all EP applications. It is also expected to allow for the retirement of EDS during FY2009.

TREES is an electronic Windows based software program used by TE/GE employees to create/assign cases, work the case, document activity, and ultimately close and review the case. TREES replaces the RGS Workcenter software used for case management. Most Examination employees will have been trained by the end of FY 2007.

EFAST2, a system for the electronic filing of Form 5500 filings is being developed. Coordination with the DOL is taking place on the design and development of the system, including the design of systems for processing the Form 5500EZ and Schedule SSA data.

- **FY 2008 Strategies**

EP will continue to actively support and participate in the IT projects. TEDS will be supported in developing and delivering end-user training for Phases 3 and 4. TREES will be supported by ensuring that all training is completed during the first quarter, and the system is subsequently used by all employees consistent with the training provided. Finally, EFAST2 will be supported with continued coordination with the DOL.