

EMPLOYEE PLANS FY 2009 WORK PLAN

Operating Priorities



October 2008

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FY 2009 Employee Plans Work Plan

Executive Summary

The work plan provides the strategic Operating Priorities for Employee Plans (EP) for FY 2009, as well as specific program guidance for Examinations, Rulings & Agreements and Customer Education & Outreach employees. In fulfilling EP's mission of protecting retirement plan assets and the benefits of plan participants, it is incumbent that the EP organization fosters and promotes plan sponsors compliance with the applicable Internal Revenue Code provisions. While the Determination, Voluntary Compliance and Technical Activities programs are designed to assist plan sponsors compliance with the Internal Revenue Code (IRC), EP Examinations and the EP 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 FY2009 are as follows:

1. Design and implement a 401(k) Compliance Questionnaire, using the EPCU, to gain a better understanding of the compliance behaviors of the 401(k) market segment and recommend strategies to address the identified areas of non-compliance, including those issues associated with fee transparency.
2. Raise awareness in the governmental plan sector through education/outreach, voluntary compliance and enforcement efforts of the need to comply with tax qualification requirements.
3. Enhance education to plan participants/employees by providing information that meets their needs on the Retirement Plans Community web page (www.irs.gov/ep).
4. Continue to address and deter abusive transactions by:
 - Developing strategies for identifying and addressing new abusive schemes while considering civil or criminal fraud where applicable;
 - Using EP Compliance Unit (EPCU) resources to leverage coverage and expand compliance contacts in areas where analysis has indicated potential abuses, data inconsistencies, and/or areas of non-compliance; and,
 - Developing strategies for identifying and addressing emerging compliance issues and increasing issue awareness of complex international transactions.

5. Continue to optimize case selection methodology and complete audits using the Focused Examination approach. Identify areas of non-compliant behavior and develop additional Risk-Based Targeted (RBT) examination projects, with special emphasis on 401(k) plans.
6. Ensure the staggered determination process stays on schedule by:
 - Streamlining the Form 5307 review process and implementing recommendations from an analysis of the overall staggered program;
 - Completing 90% of non-suspended Cycle A submissions by 12/01/2008;
 - Completing 90% of Cycle B submissions by the end of FY 2009;
 - Closing 90% of previously suspended cash balance conversion plans by 06/30/2009; and,
 - Continuing the technical review of the defined benefit pre-approved plans during FY 2009 and completing 70% of the submissions by the end of FY 2009.
7. Develop new Voluntary Compliance processing tools and customer outreach initiatives to address increased receipt levels.
8. Design and implement a pre-approved program for IRC 403(b) arrangements through the development of LRMs, a revenue procedure and application forms.

FY 2009 EP Operating Priorities

1. Design and Implement a 401(k) Compliance Questionnaire, Using the EPCU, to Gain a Better Understanding of the Compliance Behaviors of the 401(k) Market Segment and Recommend Strategies to Address the Identified Areas of Non-Compliance, Including those Issues Associated with Fee Transparency

- **Background**

Defined Contribution plans, specifically 401(k) plans, hold a significant presence as one of the largest growing retirement plan market segments. EP needs to consider how best to examine these plans to see how well they operate from the standpoint of the plan participant. EP must ensure 401(k) plans are being operated with the welfare of the participants in mind. Both the IRS and the Department of Labor are interested in fees, investment choices, and good communication of plan information. The key areas impacting the coming wave of new retirees include the lack of sufficient savings, the change in who bears the risk of loss, and the existence of some tax and consumer abuses.

EP has traditionally worked toward improving compliance through education and outreach, determination and voluntary compliance programs, and an examination program for one plan at a time. The irs.gov web site provides resources for 401(k) plans including a 401(k) Fix-It Guide and 401(k) Checklist to help business owners properly operate their 401(k) plans. EP must now determine if these efforts have made an impact on compliance and where compliance efforts should be focused in the future.

A compliance questionnaire will allow EP to gain a better understanding of the compliance behavior of 401(k) plans. The questionnaire will be geared to obtaining information of potential plan abuses, including traditional concerns such as discrimination, and to ensure that 401(k) plans and the entities that sponsor them serve participants and contributors. The study will assess if plan assets are being managed well and exclusively to promote the interests of plan participants and that fees are reasonable and do not negatively impact retirement benefits.

- **FY 2009 Strategies**

The following strategies will be emphasized:

- Broaden EP Exams enforcement programs by utilizing EPCU resources to deploy a market segment study specific to 401(k) plans. The EPCU will design a questionnaire addressing the operation and compliance of 401(k) plans and mail it to a sample of 401(k) plan sponsors in the 2nd quarter of FY 2009.
- Continue outreach activities to address identified compliance issues to the 401(k) plans community addressing both participant education and awareness and sponsor compliance.

- During the 4th quarter of FY 2009, questionnaire responses will be analyzed to provide an interim report for possible future RBT, LESE, or other examination project initiatives for FY 2010. EP will publish a final report in 2010.

2. Raise Awareness in the Governmental Plan Sector through Education/Outreach, Voluntary Compliance and Enforcement Efforts of the Need to Comply with Tax Qualification Requirements

- **Background**

One out of five employees in the United States is a government employee and governmental plans hold approximately \$3 trillion in funded pension plan assets. Recent press coverage and published studies have raised concerns on the operation of these plans. In the past, EP has not had a meaningful presence in the governmental plan area. In response, EP has initiated a Governmental Plan Initiative to raise awareness in the community of the tax-qualification requirements and IRS programs available to assist in compliance with federal pension laws. Additionally, EP is reaching out to the governmental plan community to gain a better understanding of the unique aspects of these plans that confront governmental plan sponsors.

- **FY 2009 Strategies**

The following strategies will be emphasized:

- A questionnaire is being developed that will be sent to members of the governmental plan community in early FY 2009. Prior to being mailed out, IRS will be seeking public comment on the content and form of the questionnaire. The information gathered from the questionnaire will ultimately result in a report published by the IRS describing the responses to the questionnaire and identifying those areas where EP needs to provide more focused education, guidance, and outreach to avoid potential non-compliance with federal pension law.
- Publication of guidance relating to the definition of a “governmental plan” for both traditional governments and Indian Tribal Governments followed by a series of town hall meetings at numerous sites throughout the United States, as well as follow-up guidance on Notice 2007-69 relating to the definition of normal retirement age..
- Continued development of a dedicated website to governmental plans, including FAQs, articles in TE/GE and EP newsletters, a dedicated email address for governmental plan questions, videos and other educational resources. Additional communication and educational materials will be designed, as appropriate.
- Continued outreach to the governmental plan community through (1) presentations at meetings of national trade associations and other organizations that represent them, (2) development of another IRS Governmental Plans Roundtable, and (3) other web-based communication alternatives.
- Develop and deliver an internal educational program for tax law specialists and revenue agents to provide assistance in working with the governmental plan community when these plans use EP compliance programs (e.g., the determination letter program or the voluntary compliance program).

3. Enhance Education to Plan Participants/Employees by Providing Information that Meets their Needs on the Retirement Plans Community Web Page (www.irs.gov/ep)

- **Background**

Plan participants/employees increasingly seek information about the operation of their retirement plans. The Employee Plans function works to ensure that employees are covered by retirement plans, and that plans are operated in accordance with their terms and the law.

There is an increasing demand by plan participants for information about planning for retirement. A shift of responsibility from employer to employee for many decisions regarding retirement savings requires employees to understand and take on more responsibility for their retirement. In addition, the following factors suggest that EP extend its efforts to provide retirement information to plan participants and employees.

- The growth in employee-directed accounts (e.g., 401(k) plans) and the decline in employer-managed benefits (e.g., defined benefit plans). Many employee-directed plans (especially IRA-based plans) receive less professional attention.
- Only 43% of private sector workers are covered by a plan and approximately 60% of workers over age 40 who are eligible to participate in a 401(k) plan actually do so. Of those who do participate, the average account balance for someone 60 or above is \$141,000. This will provide an annuity of only \$12,203.
- Many workers must make decisions now about retirement in order to assure they have adequate savings during retirement. Many are not prepared to make informed choices. In addition, the aging population, extended life expectancies and accelerating employee turnover increase the pressure on the retirement system.

Plan participant information includes content posted to Retirement Plans Community web page (www.irs.gov/ep) under tabs for Plan Sponsor/Employer and Plan Participant/Employee. This includes frequently asked questions, publications, newsletter articles in the *Employee Plans News* and *Retirement News for Employers*. A key web-based product for plan participants is the *Timing Is Everything* one-page educational flyers with important tips for plan participants and employees. This product is designed for employers to share with their employees and provides plain-language, bullet-point information about retirement. Each flyer is part of the Retirement News for Employers electronic newsletter designed primarily for small business owners.

- **FY 2009 Strategies**

In FY 2009, EP will forge ahead in an effort to educate plan participants and provide products to promote transparency in the retirement plans community. This includes developing products that help employees get answers to their questions and understand the retirement options available to them. Web information for plan participants and employees will be organized in categories designed to give them quick answers to their retirement questions.

CE&O initiatives aimed at reducing burden for plan participants/retirees include efforts to develop: an IRA calculator, outreach focused on encouraging plan participation and web-based information and products to keep participants informed about retirement savings options and rules. In addition, EP will continue the following efforts in FY 2009:

- Partner with organizations and stakeholders representing plan participants/employees to identify needs.
- Based on input, develop new web content.
- Overhaul the topics on the "Plan Participant/Employee" segment page. After validating *Timing is Everything*, enhance it to better educate participants and employees on retirement plan topics.
- Develop video programs for plan participants/employees with a focus on "what plan participants/employees can expect to get out of their retirement plan".
- Develop and market new promotional and outreach products.
- Since approximately one out of five Americans is employed by governmental organizations, EP is committed to providing information and education to government plan participants. In FY 2009, CE&O's communications strategy, will include developing web-based products to meet the needs of the governmental sector.

4. Continue to Address and Deter Abusive Transactions by:

- **Developing Strategies for Identifying and Addressing New Abusive Schemes while Considering Civil or Criminal Fraud where Applicable;**
- **Using EP Compliance Unit (EPCU) Resources to Leverage Coverage and Expand Compliance Contacts in Areas where Analysis has Indicated Potential Abuses, Data Inconsistencies, and/or Areas of Non-Compliance; and,**
- **Developing Strategies for Identifying and Addressing Emerging Compliance Issues and Increasing Issue Awareness of Complex International Transactions.**

- **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. Information on ATATs has been developed and posted to the IRS web site to assist plan sponsors and participants in identifying and avoiding or correcting abusive arrangements. Cross-divisional Issue Management Teams (IMTs) were established to address these abuses through the development of resolution strategies and program guidance.

Support to the Lead Development Center (LDC) is being 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 has also been exploring the establishment of a fast-track settlement program in conjunction with Appeals and SB/SE in order to efficiently handle unagreed cases.

New emerging issues continue to be identified from both internal and external sources. An Emerging Issues Team (EIT) has been formed to evaluate potentially abusive or other emerging issues. Members of the team are from Examinations, R&A, and CE&O. The EIT will evaluate each referral and determine the type and level of abuse and suggest the appropriate compliance or guidance action.

The EPCU was established to focus on areas of potential non-compliance 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 of an issue with minimal burden on 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.

We have started the international process by negotiating with the Puerto Rico Tax Authority by drafting a Memorandum of Understanding to expand our audit activity on dual qualified plans. In addition, we have already started providing outreach activities to employers sponsoring dual qualified plans and providing training to the Puerto Rico Tax Authority employees.

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 to help plan sponsors, participants and practitioners comply with rules for qualified plans and include:

- Information on “listed transactions” in retirement plans, and
 - Technical guidance that has been issued to shut down transactions that are deemed abusive.
- **FY 2009 Strategies**

The following strategies will be employed:

 - An aggressive stance will be taken towards all identified abusive tax avoidance transactions;
 - Examination tools and guidance with respect to the consideration and imposition of civil and criminal fraud penalties will be developed and shared with field personnel;
 - 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 potentially abusive plans;
 - Examination selection strategies will be refined to reduce taxpayer burden by identifying the most abusive plans that should be examined, using promoters’ client lists and refined searches of the RICS database;
 - Examinations will continue to work hand-in-hand with the Lead Development Center (LDC), SB/SE and the Department of Justice to protect participants and their retirement funds by working to seek injunctions against promoters of abusive arrangements;
 - Compliance tools will continue to be developed and made available to the retirement plan community through outreach efforts and on the IRS web site;
 - Address international issues in communications through the Emerging Issues Council; and,
 - Will continue to expand our assistance and participation to the Puerto Rico Taxing Authority in outreach activities.

Examinations will continue partnering with SB/SE, 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.

EP Examinations will utilize EP Compliance Unit (EPCU) resources to leverage coverage and expand compliance contacts. For example, the EPCU will assist in project-related activities to secure information, up-front, that will allow EP Examinations to identify and focus on examinations that involve the most abusive transactions, thus easing the burden on the compliant plan population. The EPCU will analyze new data sources to enhance its ability to detect areas of potential noncompliance. The EPCU will also start new projects and project-related activities to pursue and investigate areas of potential non-compliance. The possibilities for new projects include: non-cash contributions, ROBS, 1099-R, Invalid 501(c)(18) deferrals, and SEP Plans.

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

5. Continue to Optimize Case Selection Methodology and Complete Audits Using the Focused Examination Approach. Identify Areas of Non-Compliant Behavior and Develop Additional Risk-Based Targeted (RBT) Examination Projects, with Special Emphasis on 401(k) Plans.

• **Background**

The baseline analysis phase of the Risk Assessment Program is essentially complete. There were 79 market segments in this baseline. These examinations were conducted to evaluate the compliance levels of Form 5500 filers for each segment. EP has summarized the results for 60 of these segments and 34 have been identified as having a high degree of non-compliance. The remaining 19 segments did not have an adequate number of examinations for reliable analysis and will be incorporated into the LESE (Learn, Educate, Self-Correct, Enforce) program. EP is now in the follow-up phase of this program under which market segments with a high degree of potential non-compliance have been selected for examination. These follow-up examinations are referred to as Risk-Based Targeted (RBT) examinations.

RBT examinations are expected to improve the use of resources by leading to more productive examinations by, focusing on less compliant market segments. This, in turn, will reduce the burden on the compliant taxpayers. Issues are pre-selected based upon the analysis of the completed baseline segments.

Current examination procedures call for field agents to use Focused Examination techniques for all examinations with the exception of training cases, cases assigned to new hires and certain specified projects. Pre-determined issues are chosen using plans or industry type or other criteria based upon historical information from results of prior examinations. This concept has proven to allow agents to perform examinations more effectively and efficiently. As a result, examinations are completed in less time, allowing for increased examination coverage and reduced burden in terms of time and expense incurred by the compliant taxpayer.

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 2009 Strategies**

The following strategies 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;
- Continue to develop and initiate various LESE Projects which would include follow-up examinations of the segments where EP did not have sufficient examination results to summarize.
- Continue to perform RBT examinations on all identified non-compliant segments and any additional closed segments that have a high degree of non-compliance.

By the end of FY 2009, EP expects the remaining examinations that are part of the Risk Assessment baseline analysis to be completed. A final overall report of the entire Risk Assessment Program will include a number of recommendations for the examination program.

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 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 is a cross selection of employees from all functions within EP, will be responsible for recommending and developing future projects for the program.

6. Ensure the Staggered Determination Process Stays on Schedule by:

- **Streamlining the Form 5307 Review Process and Implementing Recommendations from an Analysis of the Overall Staggered Program;**
- **Completing 90% of Non-Suspended Cycle A Submissions by 12/01/2008;**
- **Completing 90% of Cycle B Submissions by the end of FY 2009;**
- **Closing 90% of Previously Suspended Cash Balance Conversion Plans by 06/30/2009; and,**
- **Continuing the Technical Review of the Defined Benefit Pre-Approved Plans during FY 2009 and Completing 70% of the Submissions by the End of FY 2009.**

- **Background**

EGTRRA defined benefit pre-approved plans were submitted for review by January 31, 2008. A dedicated cadre was established to review these plans and provide both a consistent approach in the approval of specimen plan language and a central source for resolving issues.

A second component of the staggered approach involves the submission of individually designed plans. As with the first cycle, the filing patterns of the second cycle produced a “mini-spike” in inventory as the cycle ended January 31, 2008. Approximately 72% of the Cycle B applications were received during the final week, creating an immediate backlog of applications. If this pattern continues, the Cycle C submission deadline in January 2009 will also contain a mini-spike.

A third component of the staggered approach involves the two year window (May 1, 2008 through April 30, 2010) for the submission of defined contribution Forms 5307. We estimate that approximately 130,000 adopting employers will submit for a determination letter during this window which encompasses FY 2008, FY 2009 and FY 2010.

Final guidance was issued in February 2008 relating to the non-pension equity cash balance conversion plans allowing us to move forward on working and closing these converted plans totaling approximately 1,150.

- **FY 2009 Strategies**

A cadre of 16 specialists will continue working the defined benefit pre-approved plans started in FY 2008. This cadre was also part of the defined contribution cadre. If a specialist worked on a defined contribution submission, then the same specialist will be assigned the defined benefit submission. The specialist’s knowledge should enhance the review of the defined benefit submission since the majority of the plan language would be similar to the defined contribution plan.

Determinations will continue to focus on concluding the review of the Cycle A submissions and making significant progress on the Cycle B submissions. In an effort to encourage early filings, 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 and educate the practitioner community on submitting a complete application. In addition, Determinations will continue implementing recommendations identified in FY 2008 to improve efficiencies in reviewing the expected Form 5307 receipts. EP Determinations has also added a Pre-Screening process to quickly identify plans that have deficiencies which require the case to be returned to the taxpayer. Off-cycle plans are also identified through the Pre-Screening process which provides the off-cycle filer with the option to have their case withdrawn. Off-cycle cases that are withdrawn save the taxpayer the effort of getting two letters in the same cycle period, thus reducing taxpayer burden.

A cadre of 12 specialists is working the non-pension equity cash balance cases. This cadre meets regularly to discuss issues identified during their review and how to resolve issues.

7. Develop New Voluntary Compliance Processing Tools and Customer Outreach Initiatives to Address Increased Receipt Levels

- **Background**

Employee Plans Compliance Resolution System (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 Voluntary Compliance (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. VC's receipts increased 39% in FY 2007 from FY 2006. Receipts for FY 2008 were up 14% from FY 2007. The bulk of the receipts, 63.3%, were received in January and February of 2008. The increase in submissions during the months of January and February has been the trend since the staggered approach was implemented in February of 2006.

The increase in the number of receipts in the months of January and February could be attributable to the following factors:

- 1) Plan sponsors are unable to locate prior plan documents and/or amendments when updating plans based on the remedial amendment staggered approach.
- 2) Plans sponsors fail to adopt timely interim/discretionary amendments.
- 3) Plan sponsors discover qualification failures as a result of end of the plan year administration.

Section 1101 of the Pension Protection Act granted the Secretary of the Treasury full authority to establish and implement EPCRS, and directed the Secretary to update and improve EPCRS giving special attention to increasing the awareness and knowledge of small employers concerning the availability and use of the correction programs. In addition, the 2008 Advisory Committee on Tax Exempt and Government Entities (ACT) report sets forth several recommendations for improving each of the EPCRS programs. To help make the correction programs more accessible to small employers, VC initiated Fix-It Guides, which describe common problems small employers face and assist them in finding, fixing and avoiding these problems in the future. VC worked with CE&O to develop correction workshops at which the 401(k) Fix-It Guide was presented. Fix-It Guides for 401(k) plans and SEPs have been completed.

- **FY 2009 Strategies**

VC will continue to partner with the practitioner community to make further program improvements. Special attention will be given to enhancing the availability of EPCRS for small employers. VC will complete the SIMPLE IRA Fix-It Guide and continue developing Fix-It Guides for 403(b) plans and SARSEPS. In addition, VC will focus on making program changes in its next update of the EPCRS revenue procedure that will implement recommendations from the 2008 ACT report.

VC will also enhance existing electronic research tools available to the public, hold customer outreach workshops and collaborate with Examinations employees to discuss cross-functional issues.

8. Design and Implement a Pre-Approved Program for IRC 403(b) Arrangements through the Development of LRMs, a Revenue Procedure and Application Forms

- **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. In the June 7, 2006, Advisory Committee on Tax Exempt and Government Entities (ACT) report, the committee identified challenges that 403(b) arrangements will face in complying with the new plan documentation requirement and possible solutions, including the development of a model plan and pre-approved plan document program for 403(b) arrangements.

- **FY 2009 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.