



Restatement FAQs

What is a plan restatement?

Periodically, the IRS requires pre-approved plans to be rewritten and submitted to the IRS for review and approval. The purpose of the rewrite is to update the plan to incorporate legislative and regulatory changes that occurred during the restatement cycle to keep the plan compliant. This process is referred to as a restatement.

What is a pre-approved plan?

A pre-approved plan is one where the IRS has reviewed and approved the options made available by the plan provider and has issued an opinion letter as evidence of the pre-approved status. The plan provider then makes the plan available for plans sponsors to adopt without the need to apply for an individual determination letter.

What is a restatement cycle?

The IRS requires pre-approved plans to be restated approximately once every six years on a uniform cycle. The current cycle of restatements are referred to as “**Cycle 3**” because this is the third restatement that follows the six year cycle.

Is restatement mandatory?

Yes. All plans that fail to adopt a restated plan document by July 31st, 2022 will be subject to IRS imposed penalties.

Don't we already have amendments addressing some of these changes?

Yes. The IRS recognizes that if a complete restatement was required with each legislative change it would be entirely too burdensome. Instead, the IRS allows interim “good faith” amendments to be adopted during the cycle instead of going through a full restatement. However, at the end of the cycle, the plan document must be rewritten to incorporate the scope of the legislative change that the interim amendment summarized.

We just recently restated our plan/started a new plan. Surely, we don't have to do it again – right?

Unfortunately, regardless of how recently you adopted your plan, it could not have satisfied the restatement requirements since the IRS only recently began issuing opinion letters.

Does this mean we won't have interim amendments for a while?

Unfortunately, no. The Cycle 3 restatement only considered legislative changes enacted prior to February 1, 2017. Even without any new legislation, there is already a need to adopt interim amendments for the Hardship distribution regulations, SECURE Act, MINERS Act and CARES Act.

Can we incorporate other changes to our document now as well?

Restatement time is the perfect time to review your plan's design to assure that the plan is meeting your needs and goals. If you think there are other changes you'd like to discuss, please reach out to us to setup a call to review other possible plan design options.