

CWF Reminder - 4/30/16 is Deadline to Update Certain Old Keogh and Profit Sharing Plans

Any old Keoghs or old profit sharing plans sitting in any files? Forgotten gems or forgotten liabilities?

Substantial tax benefits are realized by sponsoring businesses and participants of qualified profit sharing plans and 401(k) plans. In order to gain such tax benefits such plans must be amended and restated on a timely basis.

April 30, 2016 is the deadline for most defined contribution plans to be amended and restated. If a plan has been updated within the last 1-20 months, it should be in compliance. If it has not been updated, it should be by April 30th, 2016.

CWF has been a prototype plan submitter since 1984. Contact us if your institution or any of your business clients would benefit by using a CWF document to amend and restate its retirement plan. The consequences of missing this deadline means an employer will have to pay substantially higher fees to bring the plan into compliance. The IRS may argue the plan is no longer qualified and the funds are deemed distributed and taxable.

The IRS has always taken the tax position that a distribution in any pension plan is eligible to be rolled over or directly rolled over to any type of IRA or other plan only if the plan is "qualified" at the time of the distribution. To be qualified at the time of distribution the plan document must set forth the current laws. Thus, the need to amend and restate the plan.

Contact us if we may assist.

With a deadline of April 30, 2016, time is of the essence and first come will be first served.

Sincerely,

James M. Carlson, JD

President