

Publications

A Look at the Expanded Plan Correction Procedures Under SECURE 2.0

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In order for a qualified retirement plan to maintain its favorable tax-qualified status, the plan terms must comply with the Internal Revenue Code, and any Internal Revenue Service (“IRS”) guidance thereunder, and the terms of the plan must be followed in operations. With hundreds of very complex rules in play, it is common for a qualification failure to occur. The good news is that the IRS has a special correction program—Employee Plans Compliance Resolution System (“EPCRS”), currently set forth in Rev. Proc. 2021-30—to allow plan sponsors to correct these failures and maintain the tax-qualified status of the plan.

As wonderful as EPCRS is, with the Consolidated Appropriations Act, 2023 (Setting Every Community Up for Retirement Enhancement (“SECURE”) 2.0) that was enacted on December 29, 2022, it just got even better! Specifically, SECURE 2.0 made a number of changes to the correction procedures that plan sponsors (and their recordkeepers) need to be aware of. These provisions cover the following three failures, some of which are effective immediately:

- inadvertent benefit overpayment (Section 301 of the Act, effective immediately),
- eligible inadvertent failures (Section 305 of the Act, effective upon IRS guidance), and
- automatic enrollment failures (Section 350 of the Act, effective in 2024).

Notably, there are also detailed overpayment correction procedures set forth in EPCRS, and it is important to apply consistent correction procedures for similarly situated participants.

In this *TAXES – The Tax Magazine* article, Groom principals [Elizabeth Dold](#) and [David Levine](#) discuss plan correction procedures for plan sponsors and their recordkeepers. To read the article, [click here](#).