

**Pilot Questionnaire for
Governmental Plans Initiative**

Introduction

Pages 1 through 4 provide a background of the IRS Governmental Plans Initiative. Pages 5 through 24 include 65 questions to be completed by your Plan.

Overview of Governmental Retirement Plans

Over 20 million employees work for state and local governments. There are approximately 79,000 state and local governments; 16,000 public educational employers; and 1,100 public health care institutions. Governmental retirement plans are a common feature of the compensation packages provided to state and local government employees. Since there is no federal filing requirement for these plans, the precise number of governmental retirement plans is not known. Although defined benefit plans are most common, defined contribution plans and so-called “hybrid plans” offered by state and local governments also play an important role in overall retirement security for public employees.

We have limited experience with governmental plans. These plans have been the subject of a handful of studies over the past few years. These include two Government Accountability Office (GAO) reports studying various issues including participation, funding, actuarial assumptions, and investment returns; Governmental Accounting Standards Board (GASB) projects currently studying accounting rules pertaining both to the governmental employer and to the plan; and others such as the PEW report entitled “Promises with a Price – Public Sector Retirement Benefits” which studied funding, financial reporting, and investment returns.

Role of IRS in Governmental Plans Oversight

Governmental plans are subject to several tax qualification requirements, including that the plan must operate for the exclusive benefit of the plan’s employees (section 401(a)(2)), section 401(a)(17) and section 415 annual compensation and benefit limitations, section 401(a)(9) minimum distribution rules, rollover and plan loan rules, and rules regarding the provision of retiree health benefits in a pension plan (section 401(h)). Governmental plans are also required by federal tax law to have a written plan document that details how the plan will operate and the benefits it will provide, to operate in accordance with the plan’s terms, and, when applicable, to specify the actuarial assumptions to be used to define plan benefits in a way that precludes employer discretion. These federal tax law requirements were enacted to protect the tax-deferred retirement benefits of public sector employees. Failure to satisfy these requirements may disqualify the plan and result in taxable events that would negatively impact the plan’s participants.

While a determination letter is not required in order for a governmental plan to be tax-qualified, upon voluntary application, the IRS will make a determination of whether a retirement plan meets the qualification requirements of the Code, including timely adoption of amendments to comply with applicable tax law changes. Under Code section 401(b) and Revenue Procedure 2007-44, all section 401(a) governmental plans are required to be amended to comply with applicable tax law changes (detailed in the 2007 Cumulative List, published in Notice 2007-90) no later than January 31, 2009 (Cycle C); however, the IRS has recently announced its intent to permit governmental plans to file for a determination letter in either Cycle C or Cycle E (i.e., from February 1, 2010 to January 31, 2011). In the case of governmental plans, the IRS has also modified the requirements for proof of compliance with prior law to only require that governmental plans show compliance with the federal pension laws back to the amendments required by GUST. (See the “Governmental Plans” webpage (www.irs.gov/ep) for a FAQ that discusses this situation.)

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Unlike private plans, governmental plans are not subject to several significant federal tax law requirements, including minimum funding requirements, minimum participation and nondiscrimination standards, and many of the post-ERISA minimum vesting standards. Thus, although there are many tax rules common to both governmental and private plans, a complicated mix of similarities to and differences from private plan rules poses difficult education and administration challenges for governmental plans and their participants.

Purpose and History of IRS Governmental Plans Initiative

Given the increasing size and importance of governmental plans, some argue these plans have not received sufficient attention in the areas of education, guidance, voluntary programs, or overall compliance. Accordingly, the IRS has established the Governmental Plans Initiative. This initiative will provide appropriate education, outreach, and guidance for this important and highly diversified retirement plan segment, and will promote voluntary compliance by such plans with applicable federal tax laws in hopes of ensuring the protection of plan participants.

The IRS began developing the Governmental Plans Initiative in 2007. After extensive internal discussions and study, including work to develop a draft compliance questionnaire, the IRS convened in April 2008 a roundtable of IRS officials and participants representing approximately 40 governmental agencies. At that time, the IRS announced its Governmental Plans Initiative and outlined the initiative's education, outreach, guidance and compliance goals. The roundtable's topics included the IRS determination letter program, federal tax law requirements relating to governmental plans, technical and compliance issues affecting such plans, self-correction and voluntary compliance efforts, and guidance issues. The IRS also announced it was developing a governmental plans questionnaire to be sent to a sample of governmental plans to study compliance with applicable federal tax laws.

The dialogue that began with the April roundtable has been very productive. Some areas of concern raised by external stakeholders include potential conflicts between federal law and state constitutional requirements; the difficulty in amending plans when the legislative body meets infrequently; the difficulty in coming up with a single plan document when applying for a determination letter or administering the plan's provisions; the need for an improved determination letter process and voluntary compliance program; the need for IRS personnel trained in and dedicated to the special needs of governmental plans; the need for clear guidance; and the need to address the particular challenges that small government employers face. Further, since the April roundtable, the IRS has been working with stakeholders both to refine the content and scope of the draft questionnaire and the overall initiative. This has led to a new IRS web page that specifically addresses governmental plan issues and concerns (<http://www.irs.gov/ep>). This dedicated web page, which is updated regularly, contains links to relevant IRS guidance, the April roundtable materials, and FAQs that address questions posed over the past several months.

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Highlights of Pilot Questionnaire

This pilot questionnaire is an important step in a broader approach to educate the IRS, governmental plan sponsors and administrators, and the public about critical tax compliance and tax administration issues and concerns, and enhance the IRS' current voluntary compliance programs. The pilot questionnaire focuses on the following areas:

1. demographic information;
2. plan documents, including interaction with the IRS on determination and voluntary compliance matters;
3. plan provisions;
4. plan operations;
5. plan communications;
6. plan administration;
7. retirement systems; and
8. general questions and opportunities for the respondent to provide feedback and additional information.

The pilot questionnaire has been developed to consider certain areas within the oversight responsibilities of the IRS.

Next Steps – Release of Pilot Questionnaire and Beyond

This pilot questionnaire has been developed along the lines of others that TEGE has developed in recent years. IRS technical specialists with significant experience and expertise in governmental plan guidance, compliance, and education and outreach have prepared the questionnaire to address those areas the IRS has determined warrant its attention at this time. The feedback from the pilot questionnaire will be used to develop the final questionnaire to be distributed later in 2009. Ultimately, the IRS will issue a public report that summarizes the overall responses, findings, and observations based on those responses, including actions in the areas of guidance, education/outreach, determinations, and compliance. Publicly issued reports will not include taxpayer names or identifying information, nor will we use the pilot data to select anyone for examination.

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The planned next steps include:

1. This pilot questionnaire is being sent to a group of 25 governmental plans selected at random. The purpose of the pilot is to test whether the questions are clear, understandable, and capable of being answered without undue burden. In connection with the mailing, the IRS is posting the pilot questionnaire on its website and soliciting comment from other plans, governmental employers, practitioners, and the general public.
2. Early 2009: Issue an Advanced Notice of Proposed Rulemaking regarding the definition of governmental plan, accompanied by a series of town hall meetings to consider the proposed guidance. IRS has announced a one-time modification to the staggered remedial amendment program that would allow governmental plans to choose to file by the end of Cycle C (January 31, 2009) or by the end of Cycle E (January 31, 2011).
3. Spring 2009: Compile information from the pilot's responses to consider modifying the questionnaire to address appropriate clarity, content and burden concerns that might be raised by the pilot respondents or by public comments.
4. Mid 2009: Mail out the final questionnaire, allowing responders a 90-day response period.
5. Late 2009: Compile and analyze the questionnaire's responses and issue a public report on the study that may be used to develop future compliance tools, guidance and education efforts.
6. Ongoing and indefinitely: Work with governmental plan sponsors, administrators, and practitioners to improve the plan determination letter process, provide clear guidance in appropriate areas, and enhance self-correction and voluntary compliance procedures and opportunities for governmental plans.

The questions to be answered by your Plan begin on the following page. A response to a question may be supplemented by attaching a copy of specific information relevant to the particular question contained in a statute, regulation, policy, resolution, collective bargaining agreement, other pertinent documentation, or by link to a specific page on a website that contains the supplemental information.

Plan v. System. If the questionnaire is received by a single or multi-employer plan, it is to be completed based on the data and plan provisions applicable to that particular plan. Some questionnaires may be received by retirement plan systems that include multiple employers with varying plans or varying plan provisions. In this case, the questionnaire is to be completed based on the data and plan provisions that apply to the employer with the largest number of participants within the retirement system.

Numerous questions throughout the questionnaire refer to "Plan" within the question. If it is not possible to answer the question for the "Plan," please leave the response blank and indicate in question 62 that you were unable to respond. A limited number of questions ask for a response based on either Plan or System information; please answer those questions accordingly. While, except as otherwise indicated, the questionnaire should not be completed on the basis of system-wide data, individual plans should feel free to seek assistance of their system in completing the questionnaire. Any questions that arise relating to receipt of the questionnaire by a retirement plan system should be addressed to the IRS representative listed in the cover letter.

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ALERT FOR RESPONDERS USING CDs **Saving your work while completing the questionnaire**

It is imperative to save your work before closing the questionnaire or all your work will be lost. To save, either click on the "Save" icon or go to the "File" menu and click "Save." This will save the work you have completed to that point. You can open the file at a later time to continue your work. It is also important to frequently save your work while completing the questionnaire.

PART 1 - DEMOGRAPHIC INFORMATION

This section requests general information relating to tax-qualified retirement plans adopted for governmental employees as well as plan population characteristics. This information will assist us in understanding the basic structures of the plans adopted by governmental entities and who participates in these plans.

1. Name of Plan: _____

2. Plan EIN: _____

3. Is the Plan intended to be a qualified retirement plan established under Internal Revenue Code (Code) section 401(a)?

Yes No

If you responded "No," do not complete any further questions and return the questionnaire to the address noted on the cover letter.

If you responded "Yes," proceed.

4. Is the Plan intended to be a governmental plan as defined in Code section 414(d)?

Yes No

If you responded "No," do not complete any further questions and return the questionnaire to the address noted on the cover letter.

If you responded "Yes," proceed.

5. a. Number of Active Participants (not in Benefit Pay Status) _____

b. Number of Payees in Benefit Pay Status _____

i. Non-disability related retired participants _____

ii. Disability related retired participants _____

c. Number of Unpaid Terminated Deferred Vested (not in Benefit Pay status) _____

d. Number of Other (*please describe below*): _____

Total Number of Participants (total of lines a. - d.): _____

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6. Indicate the type of plan:

- Defined Contribution Defined Benefit Hybrid Defined Benefit

A **defined contribution** plan is a plan that allocates all employer and employee contributions to separate participant accounts and the ultimate benefit a participant receives is based upon that account balance. A **defined benefit** plan provides for the payment of definitely determinable benefits for employees or their beneficiaries over a period of years, usually for life, after retirement based on a specific formula in the plan. A **hybrid** plan refers to a type of defined benefit plan that has attributes of both a defined benefit and a defined contribution plan. For purposes of this questionnaire, the term hybrid plan means a plan under which normal and early retirement benefits are primarily based on a hypothetical account balance and credited interest.

7. The Internal Revenue Service (IRS), Department of Labor (DOL), and the Pension Benefit Guaranty Corporation (PBGC) have issued rulings on whether a plan or system is a "governmental plan" (i.e., whether the plan is sponsored by an organization which may sponsor a governmental plan). These rulings should be distinguished from a "determination letter" which is the subject of question 15. A determination letter is available to any qualified plan, whether or not characterized as a "governmental plan" and relates solely to whether that plan satisfies the applicable tax-qualification requirements. The following questions relate solely to rulings on whether your Plan or System is a governmental plan.

Has your Plan or System ever received (**check all that apply and show the date of the letter**):

- A letter ruling issued by the IRS that it is a governmental plan under section 414(d) of the Code;

Date _____ (Use mm/dd/yyyy)

- An advisory opinion issued by DOL that it is a governmental plan under section 3(32) of ERISA;

Date _____ (Use mm/dd/yyyy)

- An administrative determination or opinion letter issued by the PBGC that it is a governmental plan under section 4021(b) of ERISA

Date _____ (Use mm/dd/yyyy)

If your Plan or System has received such a letter, did the letter apply to the:

- Plan System

8. Give the following information about the employers that participate in the Plan:

Are the employers that participate in the Plan:

- a. State employers only
 Local employers only
 Both state and local employers
 Other (*please explain*): _____

b. Attach a list of the employers that participate in the Plan.

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9. Check the types/categories of employees eligible to participate in the Plan.

Types (**check all that apply**):

- Full-time
- Part-time
- Hourly
- Salary
- Seasonal

Categories (**check all that apply**):

- General
- Public Safety
- K-12 Teachers
- University (*Teaching/Non-Teaching*)
- Non-teaching School Employees
- Judges
- Legislators
- Legislative staff
- Other (*please specify*): _____

10. Are any types/categories of employees specifically excluded from participation in the Plan?

- Yes No

If "Yes," please describe the types and categories of employees specifically excluded from participation in the Plan.

11. How are Plan or System assets held? (**check all that apply**)

- Trust. If the box is checked, is the trust for the exclusive benefit of participants and not subject to reversion prior to termination?
 Yes No
- Annuity contract
- Insurance other than annuity contract
- Other (*please specify*): _____

Does your answer apply to the:

- Plan System

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12. Who has authority to amend/change the terms of the Plan? (check all that apply)

- State Legislature
- Local/ County government legislative body
- Board of Trustees of the Plan
- Executive Branch of State or local government
- Employers/Members via Referendum
- Other (please specify): _____

13. Are there legal considerations that might prevent the party described in question 12 from being able to amend the Plan on at least an annual basis?

- Yes No

If you responded "Yes," describe below.

14. Financial statements

a. Are financial statements of the Plan or System prepared?

- Yes No

b. If you responded "Yes" to a., are financial statements prepared for the:

- Plan System

c. If you responded "Yes" to a., are the financial statements audited?

- Yes No

PART 2 - PLAN DOCUMENT INFORMATION

This section requests information on the form of the documents used to administer the Plan and whether the Plan has ever requested a determination letter or used any of the IRS compliance programs available to tax-qualified retirement plans. This information will assist our understanding of the unique structure of governmental plan documents and will assist us in determining whether we need to do further outreach to heighten the governmental plan community's awareness of the various compliance programs currently available to them.

15. Has the Plan or System ever received an IRS determination letter? (See Question 7 for the distinction between a "determination letter" and a letter ruling on the status of the Plan or System as a "governmental plan")

- Yes No Unknown

If you responded "Yes," was the determination letter received by the:

- Plan System

If you responded "Yes," indicate the date of the most recent IRS determination letter (located in the top right corner of the determination letter).

Date _____ (Use mm/dd/yyyy)

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16. The IRS recognizes that governmental plans may not have a single plan document, but the plan may consist of documents from various sources. (See the "Governmental Plans" webpage (www.irs.gov/ep) for a FAQ that discusses this situation.)

Do you have a single, written plan document containing all the provisions of a section 401(a) plan (to the extent applicable to governmental plans)?

Yes No

If you responded "Yes," proceed to *Part 3: Plan Provisions*.

If you responded "No," answer Question 17.

17. Check all the boxes below that contain the provisions of the Plan.

- Statutes
- Rules
- Regulations
- Policies
- Resolutions
- Ordinances
- Collective Bargaining Agreements
- Other (*please specify below*):

PART 3: PLAN PROVISIONS

Even though governmental plans are not subject to all of the tax-qualification requirements that apply to private sector plans, governmental plans are required to comply with certain of the requirements, such as provisions relating to eligibility to participate, vesting of benefits, and the types of benefits offered by plans. Because tax-qualified retirement plans are required to comply with certain Code provisions and the terms of their plans, the following set of questions is intended to obtain information concerning common types of plan provisions which will help the IRS in assessing the need to develop further tools and guidance for the governmental plan community.

Please provide a short description of the Plan provisions requested below.

18. What are the Plan's age and service requirements for eligibility?

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19. If the term "year of service" is used by the Plan to determine a. eligibility; b. vesting; or c. benefit accruals or allocations, describe how "year of service" is defined or determined for each of these categories.

a. Eligibility to participate

b. Vesting (if applicable)

c. Benefit accruals or allocations

20. Check any non-retirement type benefits authorized by the terms of the Plan (**check all that apply**):

- Lump Sum Death Benefit
- Long Term Disability
- Retiree Health
- Life Insurance
- Other (*please specify below*):

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21. Some governmental entities use a Deferred Retirement Option Plan (DROP) as a means to encourage older employees to continue working instead of receiving a retirement benefit when first eligible under the terms of the Plan. DROP features are permitted in plans if they meet the applicable requirements under the federal pension law. While there is no typical DROP plan, under some arrangements, an employee who chooses to continue working after he or she is eligible to retire has a special account (real or hypothetical) set up which is credited with either additional accruals or allocations during the period of continued employment (which is generally limited to a specific period of time). The additional accruals or allocations (plus earnings) are paid to the participant when he/she retires. This payment is in addition to any other retirement benefits to which the participant is entitled.

Plans may also offer enhanced "window" benefits to encourage employees to retire. A "window" program generally is a permitted program where participants are offered an enhanced benefit under the plan if the participant retires during a limited period of time (i.e., the "window period") set by the plan.

We are interested in the extent to which DROP or window features are used by governmental entities to manage their workforce.

a. Do the terms of the Plan provide for a DROP?

Yes No

b. If you responded "Yes," check which of the following elements are included (**check all that apply**):

- Employer Contributions go into a DROP account
- Employee Contributions go into a DROP account
- Pension Benefit goes into a DROP account
- Fixed guaranteed rate of return on the DROP account
- Rate of return on account is based on assumed or real plan investment return
- Rate of return on account is based on member directed investments
- Rate of return is based on other factors
- Other (*please specify below*):

22. In the last five (5) years, have amendments been adopted to provide any special "window" programs (in addition to the Plan's regular early retirement provisions) that encourage early retirement?

Yes No

If you responded "Yes," describe how the most recent program operates:

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23. Are mandatory employee contributions required under the terms of the Plan?

Yes No

24. Pick-up contributions are those contributions designated as employee contributions but where the governmental entity "picks up" the contributions and treats them as employer contributions.

a. Does the Plan treat mandatory employee contributions as pre-tax "pick-up" contributions under Code section 414(h)?

Yes No

b. If "Yes," does the Plan or System have a private letter ruling on the "pick-up"?

Yes No

c. If you responded "Yes," to a. how are pick-up contributions made or determined?

Plan Terms

Formal Action taken by duly authorized person

Collective bargaining agreement

Employer discretion

Other (please specify): _____

25. Do the terms of the Plan allow participants to make voluntary employee contributions to the Plan?

Yes No

Question 26 applies only to defined contribution plans. If the Plan is a hybrid or defined benefit plan, skip to Question 27.

26. a. Does the governmental employer make contributions on behalf of employees?

Yes No

If you responded "Yes," answer b. and c. below.

If you responded "No," proceed to Question 31.

b. What kind of contributions are made by the governmental employer on behalf of employees?

Flat dollar amount

Matching contributions

Percentage of payroll

Other (please specify): _____

c. How are contributions credited or allocated to participants' accounts? (e.g., a percentage of an employee's compensation)

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Questions 27 through 30 apply only to defined benefit (including hybrid) plans. If the Plan is a defined contribution plan, skip to Question 31.

27. Describe the following benefits (if applicable) that are provided under the terms of the Plan:

a. Normal Retirement:

i. What is the basic benefit formula for a normal (unreduced) retirement (e.g., 2% of the highest average salary for each year of service credit)?

ii. What are the conditions that must be met in order to receive such a benefit?

Age: _____ Years of Service: _____

Other (please specify below):

b. Early Retirement:

i. What is the basic benefit formula used for early retirement (e.g., 1% of the highest average salary for each year of service credit)?

ii. What are the conditions that must be met in order to receive such a benefit?

Age: _____ Years of Service: _____

Other (please specify below):

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c. Deferred Vested Retirement:

i. For members who terminate employment before retirement, what is the benefit formula used?

ii. What are the conditions that must be met in order to receive such a benefit?

Age: _____ Years of Service: _____

Other (*please specify below*):

d. General Disability:

i. What is the basic benefit formula used?

ii. What are the conditions that must be met in order to receive such a benefit?

e. Service-Related Disability:

i. What is the basic benefit formula used?

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ii. What are the conditions that must be met in order to receive such a benefit?

f. Survivor Benefits:

i. What is the basic benefit formula used?

ii. What are the conditions that must be met in order to receive such a benefit?

g. Lump Sum Death Benefits:

i. What is the basic benefit formula used?

ii. What are the conditions that must be met in order to receive such a benefit?

28. Does the Plan provide for post-retirement benefit adjustments such as an automatic cost-of-living adjustment (COLA) to retired Plan participants?

Yes No

29. If you answered "Yes," to question 28, is it:

Guaranteed Ad-Hoc

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30. Do the terms of the Plan permit Plan participants to purchase additional service in order to increase their benefits under the Plan (i.e., does the Plan allow a participant to purchase service that was not originally covered by the terms of the Plan, such as military service or other non-covered employment)?

Yes No

If you responded "No," proceed to Question 31.

If you responded "Yes," answer a. and b. below:

a. Describe the Plan's provisions for purchasing additional service including any eligibility criteria and conditions that apply to purchasing additional service.

b. If the purchase is permitted to be paid in something other than cash, describe the means allowed to purchase the additional service (such as use of sick or personal leave to purchase the service).

31. The funding requirements contained in sections 412 and 430 of the Code applicable to private employer plans do not apply to governmental plans. However, some governmental plans may be subject to funding or contribution requirements set forth in applicable state or local law or elsewhere in a plan document. Does your applicable state or local law or other Plan document provide funding requirements?

Yes No

If "Yes," describe the Plan terms, if any, that relate to funding any required or voluntary contributions to be made by the employer or employees under the terms of the Plan, including applicable state or local law. For example, describe any Plan terms that provide the period during or time by which required employer contributions must be made by the employer to the Plan.

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PART 4 - PLAN OPERATION

Governmental plans that intend to be qualified under Code section 401(a) must satisfy a number of statutory and regulatory requirements and must operate in accordance with the terms of their plans. This section sets forth a summary of various requirements and requests information concerning the satisfaction of those requirements.

32. Code section 401(a)(9) requires that a minimum distribution be made to a participant by April 1 of the calendar year following the calendar year in which the participant attains age 70½; or if later, the calendar year in which the participant retires.

Describe the policies and procedures that the Plan uses to identify terminated Plan participants who are required to receive a required minimum distribution.

33. Code section 401(a)(17) provides an annual limit on the amount of compensation that can be taken into account to determine participants' benefits.

Describe the policies and procedures that the Plan uses to track and limit participants' compensation in this regard.

34. Code section 401(a)(31) provides that a participant has the right to make a direct trustee-to-trustee transfer of an eligible rollover distribution (such as a lump sum distribution or a refund of employee contributions). Note: each participant should receive a notice under Code section 402(f) (See Notice 2002-3).

Describe the policies and procedures that the Plan uses to notify participants who are to receive an eligible rollover distribution that they have the right to a direct rollover.

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35. Code section 415 limits the maximum amount of a participant's accrued benefit or the annual contribution amount that can be allowed into a participant account.

Describe the policies and procedures that the Plan uses to track and limit benefits and contributions. If applicable, the description should include the impact of benefits provided under DROPs (see Question 21) and/or COLAs (see Question 28), if applicable.

36. Code section 415(n) allows a governmental plan to provide a participant with the opportunity to purchase permissive service credit. Permissive service credit means credit for a period of service recognized by the governmental plan which the participant has not received under the plan and which the employee receives if the employee makes a voluntary contribution to the plan. The voluntary contribution is in addition to the regular employee contributions, if any, under the plan and must not exceed the amount necessary to fund the benefit attributable to the period of service.

If the Plan provides for the purchase of service pursuant to Code section 415(n), describe the policies and procedures that the Plan uses to calculate the amount of the required contribution and to limit the purchase of such credits to the types and levels provided for in the statute.

37. Does the Plan or System have policies and procedures that it uses to review its operation to determine that it is operated in accordance with its Plan terms and applicable Federal statutory requirements.

Yes No

If "Yes," do they apply to the:

Plan System

If "Yes," **(check all that apply):**

- Statute
 Regulations
 Policies
 Procedures
 Internal Audit
 External Audit
 Executive Audit
 Legislative Committee Oversight

(Question continued on next page)

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(Question 37 continued)

- Board Oversight
 Other (please specify below):

38. Is there an individual or entity assigned responsibility for ensuring the Plan's or System's compliance with the provisions of the Internal Revenue Code?

- Yes No

If "Yes," is that individual/entity responsible for the:

- Plan System

39. The IRS Employee Plans Compliance Resolution System (EPCRS) allows plan sponsors to correct problems that involve defective plan documents and/or a failure to operate the plan in accordance with its terms. The system is currently described in Revenue Procedure 2008-50 (enclosed) and two of its three component programs are voluntary in nature. These voluntary programs are the Self-Correction Program (SCP) and the Voluntary Compliance Program with Service Approval (VCP).

a. Is the Plan administrator aware of the EPCRS program?

- Yes No

b. Is the Plan administrator aware of the two voluntary compliance programs (SCP and VCP) that can be used to correct various qualification problems involving the Plan?

- Yes No

c. Would any of the following changes to the voluntary compliance program be helpful (**check all that apply**):

- Significantly lower penalties for nonsubstantive technical errors
 Allow self-correction for certain minor errors
 Other (please specify): _____

d. If you responded "No," to a. or b., describe the actions that the Service could take to better inform you of EPCRS in general as well as the requirements and benefits of the SCP and VCP programs.

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PART 5 - PLAN COMMUNICATIONS

This section requests information concerning how participants learn about their retirement benefits and what information is provided to them concerning those benefits.

40. How are Plan provisions communicated to participants? **(check all that apply)**

- Plan Document
- Summary of Plan Provisions
- Member Handbook
- Website
- Newsletters
- Group Meetings
- Other *(please specify)*: _____

41. When are Plan provisions communicated to participants? **(check all that apply)**

- When hired
- Annually
- At first eligibility for retirement
- At retirement
- When the Plan is amended
- Other *(please specify)*: _____

42. Describe additional information provided to participants to communicate Plan terms or information related to plan administration.

43. Is the communication described in question 41 above provided to Plan participants who are not active or eligible employees (e.g., retirees, surviving spouses)?

- Yes No

If "Yes," how is this information provided?

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44. Are former employees who are eligible for retirement benefits contacted at the time they reach benefit eligibility?

Yes No

45. Is there communication with employers whose employees participate in the Plan about Plan amendments or changes in policies or procedures that affect Plan administration?

Yes No

46. Is any Plan financial information communicated to participants?

Yes No

If you responded "Yes," what form is the communication?

- Comprehensive Annual Financial
- Report Summary of Financial Statements
- Audited Financial Statements
- Other (*please specify*): _____

PART 6 - PLAN ADMINISTRATION

This section relates to the administration of the Plan and the internal controls and procedures used by the Plan. Among other things, we are interested in how governmental plan assets are administered with respect to the exclusive benefit rule (section 401(a)(2)). Under the Code, the exclusive benefit rule requires that, except for the payment of plan expenses, plan assets must be used for the exclusive benefit of participants.

47. Is there a Board of Trustees authorized to administer the Plan (e.g., hire third party administrators and investment advisors, make investment decisions, etc.)?

Yes No

If you responded "No," who has authority to administer the Plan?

48. Is a third-party administrator used to administer the Plan?

Yes No

49. Who makes investment decisions for the Plan?

50. Are third-party investment advisors used for the investment of Plan assets?

Yes No

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51. Are periodic compliance reviews/audits of the Plan conducted?

Yes No

If "Yes," describe the process and general scope of any such reviews or audits.

52. Describe what actions are taken to ensure that the Plan's assets are protected to ensure their use for the exclusive benefit of the employees. For example, do Plan documents include the express requirement that Plan assets are to be used for the exclusive benefit of the participants?

53. Is the Plan subject to a policy or procedure that relates to conflicts of interests?

Yes No

If you responded "Yes," does the policy or procedure apply to conflicts involving **(check all that apply)**:

- Governing Body
- Administrative Staff
- Third party professionals
- Others (*please specify*): _____

PART 7 - GENERAL QUESTIONS

54. The IRS annually publishes a cumulative list of required plan changes and also has a website that details interim and discretionary amendments. Are you aware of this information?

Yes No

55. What other steps could the IRS take to give you tools, education or guidance to assure that the terms of the Plan conform to all applicable requirements of the Code?

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56. What issues does the Plan face when complying with the requirements of the Code? We are particularly interested in any unique or special problems that governmental plans may have to address that private employers may not face? **(check all that apply)**

- Conflicts with state/local property rights/benefit guarantees, or collective bargaining agreements
- Incompatible time frames (legislative sessions, etc.)
- Rules, regulations and definitions better suited to ERISA plans
- Nomenclature inapplicable to governmental plan setting
- Missing or inadequate guidance relevant to unique governmental plan structures or special problems
- Others (*please specify below*):

57. Describe any additional information you would like to provide to supplement any of your responses to an earlier question(s). Please clearly indicate the question(s) to which the information relates.

PART 8 - RETIREMENT SYSTEMS

58. Are you a governmental employer that participates in a state or local retirement system?

- Yes No

If "Yes," answer questions 59-62. If "No," skip to question 63.

59. How many governmental employers participate in the retirement system? Attach a list of those employers.

60. How many participants participate in the retirement system? _____

61. Briefly describe how your System is organized and operated.

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62. Are there questions in this questionnaire that you were unable to answer because you are part of a retirement system?

Yes No

If "Yes," identify the specific questions and describe how the questions should be modified to address these difficulties?

PART 9 - FEEDBACK

63. On a scale from 1 to 5, with 5 being the most burdensome, how burdensome was this questionnaire to complete?

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
◀ Not at all burdensome Very burdensome ▶				

64. Estimate how long it took you complete this questionnaire (include the time of all individuals who participated)? _____ hours

65. Explain any additional information you would like to share related to the questionnaire in general or any specific question.

Contact information for person responsible for completing this questionnaire

Name

Phone

Email

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