

Retaining Plan Records

Most retirement plan sponsors are well aware of their reporting and disclosure responsibilities under the pension law (ERISA). You may be less aware that, as a plan administrator, you also have an obligation to retain all the records supporting the information included in your plan's Form 5500 (Annual Return/Report of Employee Benefit Plan) and other reports and disclosures.

Having an established document retention system that allows you, as the plan administrator, to periodically review, update, preserve, and dispose of documents in an organized fashion fosters good administration and helps the plan comply with pension law.

Government Reports and Supporting Records

Government reports, such as Form 5500, and the records used to prepare them generally must be kept for at least six years after the filing date. What supporting records does your plan need to retain? Basically, whatever records a government auditor might need to verify the accuracy of the original report. These include, but aren't limited to, financial records; service provider information; hours of service and vesting determinations; corporate income-tax returns (to reconcile deductions); the plan's fiduciary bond; documents relating to plan loans, withdrawals, and distributions; and nondiscrimination and coverage test results.

Other Records

Other records that should be maintained and updated on a more or less permanent basis include the plan document; applicable IRS opinion, advisory, or determination letters; insurance contracts; Summary Plan Descriptions, Summaries of Material Modifications, and other employee communications; resolutions, benefit determinations, and distributions; and information about plan participants. For participants, you should retain eligibility determination and hire and termination information, beneficiary designations, notarized spousal consents and waivers, loan and hardship withdrawal documentation, vesting data, and compensation used for nondiscrimination testing, elective deferrals, and matching contributions.