IRS Plan Document Restatement for Cycle 3

Every six years, the Internal Revenue Service ("IRS") requires that all pre-approved qualified retirement plans be restated to incorporate legislative changes since the last restatement period in order to maintain their tax qualified status. This is referred to as a restatement cycle.

What is the current restatement cycle?

Known as the "Cycle 3 restatement," this is the third six-year cycle that the IRS has issued opinion letters under the pre-approved retirement plan program. The first cycle was the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) restatement in 2010, and the second was the Pension Protection Act (PPA) restatement in 2016.

Why must plans be restated?

Retirement plans are subject to frequent regulatory and statutory changes, often requiring multiple amendments. To help keep plans from becoming too burdened with separate amendments over many years of operation, the IRS requires pre-approved plan documents to be restated on a uniform six-year cycle. Compliance with the restatement is necessary to maintain the plan's tax qualified status.

When do employers need to complete the Cycle 3 restatement?

The Cycle 3 restatement process for pre-approved plans has begun and documents must be signed prior to July 31, 2022.

What is Sentinel's process for the restatement?

If Sentinel is the sponsor of your retirement plan document, we will manage the entire process for you. As part of our service, we will be reviewing your current plan document and transitioning information to our new IRS-approved plan document. Delivery of restated documents are currently slated to begin in late 2020 and continue through 2022.

Can I make changes to my plan's provisions?

Yes, a restatement is a great time to review your retirement plan's design and ensure that it is meeting the objectives of your organization. If you are interested in making changes, please reach out to your Plan Consultant and we will discuss the changes with you and incorporate them into the restated document.

Is there a cost for the restatement?

Yes, the cost of restating a plan will vary, depending primarily on the complexity of your plan. Since no two plans are exactly alike, an appropriate fee is generally determined through overall plan evaluation. Necessary expenses to restate the plan for IRS compliance may be paid from the plan assets.

What can I expect next?

When we are ready to begin your plan's restatement, we will send you an acknowledgement letter via DocuSign. Upon receipt, we will review your plan provisions, prepare the restatement, and consult you on any questions regarding changes to plan provisions. Please note that we will be preparing acknowledgement letters until the end of 2021.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR SENTINEL PLAN CONSULTANT.

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