401(K) COMPLIANCE CHECKLIST FOR PLAN SPONSORS

Managing a 401(k) plan requires disciplined oversight. This checklist helps plan sponsors evaluate compliance controls, documentation practices, and operational alignment throughout the year.

Annual Governance

☐ Confirm plan document reflects current law (SECURE / SECURE 2.0)

☐ Review Required Amendments List deadlines and track pending updates

☐ Confirm fidelity bond coverage meets ERISA requirements

☐ Document fiduciary committee meetings and oversight decisions

Governance documentation is reviewed during audits and regulatory inquiries.

Participant Eligibility & Enrollment

☐ Confirm eligibility provisions match written plan terms

☐ Verify long-term part-time eligibility tracking procedures

☐ Confirm automatic enrollment (if applicable) is operating as designed

☐ Test entry dates for newly eligible employees

Delayed deferral access for eligible employees.

Contribution Accuracy & Timeliness

☐ Confirm payroll reflects current IRS contribution limits

☐ Verify catch-up contributions are properly classified and applied

☐ Test remittance timing (deposited as soon as reasonably segregated)

☐ Reconcile payroll reports to trust or custodial statements

Late contributions are a common DOL finding.

Participant Count Monitoring

☐ Review the eligible participant count at the beginning of the plan year

☐ Confirm terminated employees with balances are included in reporting

☐ Monitor participant trends throughout the year

Verify filing classification as counts approach reporting thresholds.

Loans & Hardship Withdrawals

☐ Confirm loan provisions align with written plan terms

☐ Verify loan limits and repayment schedules

☐ Review hardship withdrawal documentation standards

☐ Confirm distribution approvals follow regulatory requirements

Improper loan or hardship handling often triggers corrections.

Form 5500 Filing

☐ Confirm filing deadline and extension status (if applicable)

☐ Reconcile financial reporting data before submission

☐ Confirm audit report attachment (if required)

　　Incomplete or inconsistent filings often trigger regulator inquiries.

Internal Controls & Oversight

☐ Review the segregation of duties between payroll and finance

☐ Confirm the recordkeeper SOC 1 report review is documented

☐ Evaluate payroll change controls and approval procedures

　　Strong internal controls reduce audit findings and correction costs.

Correction Readiness

☐ Determine scope and applicable time period

☐ Quantify potential participant impact

☐ Evaluate eligibility for IRS Self-Correction Program (SCP)

☐ Document corrective actions and supporting calculations

　　Prompt correction usually lowers regulatory risk and preserves plan qualification.

When to Conduct a Proactive Compliance Review

☐ Participant counts increase significantly

☐ Payroll systems or vendors change

☐ Amendments are pending or recently adopted

☐ Repeated operational issues have occurred

　　A proactive review is less disruptive than resolving issues during audits.