

Qualified retirement plan checklist

When you are a Plan Administrator or a trustee as a named fiduciary for a qualified plan, you must comply with all ERISA rules. Failure to properly execute your fiduciary duties may result in IRS-levied penalties or plan disqualification. The items here highlight many of the common concerns associated with qualified plans.

The Plan document

- ☐ Does the plan have an IRS-approved plan document that is current with the recent tax legislation?
- ☐ Has a third-party administrator, legal advisor, or tax professional completed a comprehensive review of the plan document?
- ☐ Have all eligible employees received a current version of the summary plan description (SPD) book?

Fiduciaries' responsibilities

- ☐ Are the plan's trustees and fiduciaries aware of their duties and responsibilities under ERISA?
- ☐ Is there a current due diligence file with supporting documentation of how decisions are made as it relates to the plan (meeting notes, agenda, minutes, resolutions, etc.)?
- ☐ Are salary deferrals deposited and invested as soon as possible?
- ☐ Has the plan purchased a fidelity bond for at least 10% of the plan's assets (up to \$500,000)?
- ☐ Has the plan's service provider disclosure under Department of Labor 408(b)(2) been reviewed for reasonableness?

Plan investments

- ☐ Does the plan have a written investment policy statement?
- ☐ Do the plan's investments comply with the company's investment policy statement?
- ☐ Do the trustees and fiduciaries meet at least annually to discuss investment choices in accordance with the investment policy statement?
- ☐ Are investment returns reasonable in comparison to the appropriate benchmarks?
- ☐ Are the investment fees reasonable?
- ☐ Are all assets, including nonpublicly traded investments, valued at least annually?
- ☐ Does the plan offer a Qualified Default Investment Alternative (QDIA)?

In the situation where employees are given the opportunity to make investment decisions:

- ☐ Does your plan provide appropriate employee education explaining the importance of participating in the plan, saving for retirement, and investment basics?
- ☐ Are they being provided ongoing investment education materials and assistance?

- ☐ Did you provide employees copies of prospectuses, financial statements and reports, and other materials related to the investment alternatives?
- ☐ Are they receiving, on an annual basis, a comparative investment chart of the plan investments that complies with the Department of Labor participant fee disclosure requirements?

Section 404(c)

Section 404(c) applies to qualified plans [e.g., pension, profit sharing, and 401(k)] that allow participant-directed accounts. As the plan sponsor, you have the responsibility to select and review investments for your company's retirement plan. However, you can transfer a portion of the fiduciary responsibility for participants' investment performance by letting participants control the investment of their account balances.

- ☐ Does the investment policy statement explain:
 - ☐ The plan's intent to comply with Section 404(c)?
 - ☐ How the plan sponsor will review the investment performance, evaluate procedures, and change investment choices?
- ☐ Does the investment policy statement permit movement between investments at a reasonable frequency (no less than four times a year)?
- ☐ Does the plan offer at least three "core" investment alternatives with different risk and return characteristics?
- ☐ Did the trustee notify participants of the plan's intention to comply with Section 404(c)?

You can count on us: Properly managing a qualified retirement plan carries many responsibilities. Your Financial Advisor has resources to help you handle these matters so that your plan meets all requirements.

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Plan operations

Sarbanes-Oxley (blackout period)

- ☐ Did the trustee provide the required notice to participants concerning the blackout period at least 30 days in advance?
- ☐ Did the notice contain the following information:
 - ☐ Reason for the blackout period?
 - ☐ Identification of the affected investments?
 - ☐ Expected beginning date and length of the blackout period?
 - ☐ Statement that individuals should evaluate the appropriateness of their current investments in light of their inability to make investment changes during this blackout period?
- ☐ If the plan has more than 100 eligible employees at the beginning of any given year, or holds nonqualified investments, has the trustee discussed plan audits with the company's tax advisor?
- ☐ Has the plan filed timely IRS Form 5500 and related schedules?
- ☐ If the plan is participant-directed, is the employer providing participant 404(a)(5) fee disclosures?
- ☐ If any plan-related fees are being charged to the participants, are they receiving a notification disclosing those fees?
- ☐ Has the plan provided participants taking a distribution the required 402(f) notice, sometimes called the "Special Tax Notice"?
- ☐ Has the plan provided copies of 1099-Rs on distributions to the participant and the IRS?
- ☐ If the business owner(s) also has ownership interest in other businesses, has he or she consulted a tax or legal advisor to determine if this plan needs to cover the other businesses and their employees? (This is often referred to as control or affiliated service groups.)