

Is Your Employee Benefit Plan on Track?

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As we reach the end of the 3rd quarter of the calendar year, now is an ideal time to evaluate your employee benefit plan (EBP) to ensure it's operating in compliance with regulatory requirements and plan provisions. A proactive compliance check can help you identify and correct issues early before they become year-end surprises.

Key Areas to Review in Your EBP Compliance Check

- **Timely Remittance of Employee Contributions**
Ensure that participant deferrals are being deposited into the plan as soon as administratively feasible following each payroll, in accordance with DOL guidelines.
- **Proper Use of Plan Compensation**
Verify that compensation used for deferral and match calculations aligns with your plan document. Inconsistencies in compensation definitions are one of the most common audit findings. Pay special attention to new payroll codes used during the year to ensure they are properly coded as eligible or ineligible compensation based on the terms of your plan document.
- **Participant Eligibility and Enrollment**
Review that all eligible employees are being offered timely participation and that auto-enrollment features (if applicable) are being administered accurately.
- **Forfeiture Account Usage**
Check that forfeitures are being applied in a timely and appropriate manner either to offset employer contributions or pay allowable plan expenses, as defined in the plan document.
- **Census and Payroll Data Accuracy**
Ensure key data points like hire dates, termination dates, compensation, and hours worked are accurate and up to date. This data directly affects nondiscrimination testing and financial reporting.

Why It Matters

Early detection of compliance issues allows time to correct errors and avoid costly penalties or audit delays later in the year. Don't delay; start preparing now to help make year-end a bit smoother.

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