

Form <b>6041</b> (Rev. November 2001)	Department of the Treasury - Internal Revenue Service <b>Employee Plan Deficiency Checksheet</b> <b>Attachment #2</b> <b>Minimum Vesting Standards</b>	Date
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<i>For IRS Use</i>	Please furnish the amendment(s) requested in the section(s) checked below.	
202		Section _____ of the plan should be amended to specify the 12-consecutive month period used to determine whether an employee has completed a year of service for vesting purposes. DOL Regs. sections
I.a.	2530.200b-1(a) and 2530.203-2.	
203		Section _____ of the plan should be amended to specify the completion of no more than 1000 (870 or 750) hours of service in a vesting computation period to entitle an employee to credit for a year of
I.b.	service. IRC section 411(a)(5)(A) and DOL Regs. sections 2530.200b-1(a), 2530.200b-3(e), 2530.200b-3(d)(1), 2530.200b-3(f)(1), 2530.200(b)-3(d)(2), and 2530.200b-3(f)(2).	
204		Section _____ of the plan should be amended to credit hours of service in accordance with the applicable DOL regulations. DOL Regs. sections 2530.200b-2(a), 2530.200b3(e), 2530.200b-3(d)(3)(i),
I.c.	2530.200b-3(d)(3)(ii), 2530.200b-3(f)(1)(i) and 2530.200b-3(f)(2).	
205		Section _____ of the plan should be amended to provide, either in its own words or by reference to appropriate DOL regulations, the method of determining the number of hours of service to be credited and
I.d.	the method of crediting the hours to the computation periods for periods during which no duties are performed. DOL Regs. sections 2530.200b-2(b), (c) and (f).	
206		For purposes of vesting, section _____ of the plan should be amended to define a break in service as a vesting computation period during which the employee does not complete more than 500 (435 or 375)
I.e.	hours of service. DOL Regs. sections 2530.200b-3 and 4 and 2530.203-2(d).	
207		Section _____ of the plan should be amended to provide that certain hours of service shall be credited to the appropriate computation period in order to avoid a break in service for employees on
I.f.	maternity or paternity leave. IRC section 411(a)(6)(E).	
208		Section _____ of the plan should be amended to credit an employee with a period of service, commencing no later than the employee's employment commencement date and ending no earlier than the
I.g.	severance from service date. Regs. section 1.410(a)-7(b).	
209		Section _____ of the plan should be amended to provide that an employee's total period of service shall be determined by aggregating all individual periods of service, unless such service may be
I.h.	disregarded due to the rule of parity. Regs. section 1.410(a)-7(b)(6)(ii).	
210		Section _____ of the plan should be amended to provide that in determining an employee's period of service, the service spanning rules should be taken into account. Regs. section 1.410(a)-7(c)(2)(iii).
I.i.		
211		Section _____ of the plan should be amended to define a one year period of severance as a 12 consecutive month period, beginning on the severance from service date, during which the employee does
I.j.	not perform an hour of service for the employer. Regs. section 1.410(a)-7(d)(4).	
219		Section _____ of the plan should be amended to provide that the first period of severance shall be ignored to the extent that such period of severance is attributable to maternity or paternity leave. IRC
1.k.	section 411(a)(6)(E)(iii).	

213		For purposes of vesting, section _____ of the plan should be amended to exclude only service with the employer which is permitted to be excluded by IRC section 411(a)(4) and Regs. sections 1.411(a)-5(a)
I.l.		and (b).
214		Section _____ of the plan should be amended to provide that years of service with the employer before a participant entered the plan, including years of service in noncovered employment, will be counted
I.m.		for vesting purposes, unless one of the exceptions noted in 411(a)(4) applies. IRC section 411(a)(4).
215		For vesting purposes, service with an employer must include the service for certain related employers for the period in which the employers are related. These related employers include members of a controlled group
I.n.		of corporations (within the meaning of section 1563(a), determined without regard to subsections (a)(4) and (e)(3)(C) thereof) and trades or businesses (whether or not incorporated) which are under common control. Service must also be counted for organizations that are a part of an affiliated service group under section 414(m). Section _____ of the plan should be amended accordingly. IRC sections 414(b), (c) and (m) and Regs. section 1.411(a)-5(b)(3)(iv)(B).
216		Section _____ of the plan should be amended to give credit for service with the predecessor employer. IRC section 414(a)(1).
I.o.		
217		Service of any employee who is a leased employee to any employer aggregated under section 414(b), (c) or (m) must be credited for vesting purposes whether or not such individual is eligible to participate in the plan. Section _____ of the plan should be amended accordingly. IRC section 414(m), C.B. 256, and Regs. section 1.411(a)-5(b)(3)(iv)(B), and Rev. Rul. 81-105, 1981-1
I.p.		
221		Section _____ of the plan should be amended to provide that an employee who separates from service and is reemployed prior to incurring a break in service will continue to vest, starting at the point in
II.a.		the vesting schedule where he or she left employment, in both his or her pre-separation and post-separation accrued benefit. Regs. section 1.411(a)-6.
290		The plan may not forfeit nonvested amounts prior to the occurrence of 5 consecutive 1-year breaks in service unless the forfeiture results from a distribution on termination of covered employment and an
II.b.		employee who resumes covered employment is given the opportunity to repay the distribution and restore the forfeited amount, within the period described in section 411(a)(7)(C) of the Code. Section _____ of the plan should be amended accordingly. IRC section 411(a)(7)(C) and Regs. section 1.411(a)-7(d)(4).
231		The plan should provide that if a participant separates from service, has a one year break in service and returns to service, after such participant has one year of service after returning to service, if such
III.a.		participant does not have five consecutive one-year breaks in service, both the pre-break and post-break service will count in vesting both the pre-break and post-break account balances. Section _____ of the plan should be amended accordingly. IRC sections 411(a)(6)(B), (C), and (D) and Regs. sections 1.411(a)-6(c)(1) and 1.410(a)-7(d)(7).
232,233		The plan should provide that if a participant separates from service, has a one year break in service and returns to service, after such participant has one year of service after returning to service, if such
III.b.		participant has five or more consecutive breaks in service, both the pre-break and post-break service will count in vesting the post-break account balances if either (1) such participant has a nonforfeitable interest in the accrued benefit attributable to employer contributions at the time of such separation from service or (2) upon returning to service the number of consecutive breaks in service is less than the number of years of service. Section _____ of the plan should be amended accordingly. IRC sections 411(a)(6)(B), (C), and (D) and Regs. sections 1.411(a)-6(c)(1) and 1.410(a)-7(d)(7).
241		Section _____ of the plan should be amended to provide a method by which the portion of any account balance attributable to employee contributions can be identified and distinguished from the portion
IV.a.		attributable to employer contributions. IRC section 411(c)(2) and Regs. section 1.411(c)-1.

242		An employee's account balance that resulted from the employee's own contribution must be nonforfeitable. Section _____ of the plan should be amended accordingly.
IV.b.		IRC section 411(a)(1).
243		Section _____ of the plan should be amended to provide that vesting in employer contributions conforms to statutory required minimums and may not be offset by nonforfeitable rights to account
IV.c.		balances that resulted from employee contributions (which are always fully vested). TIR 1334(V-1).
244		Section _____ of the plan should be amended to preclude forfeitures on account of withdrawal of employee contributions when the employee is 50% or more vested in employer derived amounts. Regs.
IV.d.		section 1.401(a)-(19).
245		Section _____ of the plan should be amended to provide for the restoration of amounts forfeited on account of withdrawal of mandatory employee contributions if the participant has less than a 50% vested
IV.e.		interest in employer derived amounts and the employee repays the full amount of the withdrawal. Regs. sections 1.411(a)-7(d)(2) and (3).
252		An involuntary cash-out may not be an amount less than the present value of an employee's entire employer-derived nonforfeitable benefit at the time of the distribution. Section _____ of the plan
V.a.(i)		should be amended accordingly. IRC section 411(a)(7)(B)(i) and Regs. section 1.411(a)-7(d)(4)(i).
253		All cash-outs (voluntary or involuntary) must be made, or, in accordance with regulations, deemed to be made, due to an employee's termination of participation in the plan. Section _____ of the plan should be amended
V.a.(ii)		accordingly. IRC section 411(a)(7)(B) and Regs. sections 1.411(a)-7(d)(4)(i), (ii) and (vi).
254		A plan that provides for voluntary or involuntary cash-outs must contain a repayment provision if the employee may receive a distribution that is less than the present value of the employee's account balance
V.a.(iii)		and the employee resumes employment covered by the plan. Upon repayment, the employer-derived benefit required to be restored by the employer must not be less than the amount of the account balance of the employee, both the amount distributed and the amount forfeited unadjusted by any later gains or losses. Section _____ of the plan should be amended accordingly. Regs. sections 1.411(a)-7(d)(4)(iv) and (v).
255		Years of service for which a participant received a cash-out may not be disregarded for purposes of eligibility or position on the plan's vesting schedule. Section _____ of the plan should be amended
V.a.(iv)		accordingly. IRC sections 411(a)(7)(B) and (C) and Regs. section 1.411(a)-7(d)(4)(iii).
261		Section _____ of the plan should be amended to provide a method of computing account balances with respect to which vesting may increase in accordance with the provisions of Regs. section
V.b.(i), (ii)		1.411(a)-7(d)(5).
264		Section _____ of the plan should be amended to preclude the immediate distribution of any benefit where the present value of the nonforfeitable accrued benefit (taking into account benefits derived from
V.c.		both employer and employee contributions) is in excess of \$5,000, without the consent of the participant and when applicable, the participant 's spouse. An immediate distribution means the distribution of any part of the benefit prior to the later of age 62 or normal retirement age. The following transitional rules apply for distributions prior to October 17, 2000: 1) Where payment in the form of a qualified joint and survivor annuity is required with respect to a participant: If a participant's account balance is immediately distributable, and the value of a participant's vested account balance derived from employer and employee contributions exceeds \$5,000, the participant and the participant's spouse (or where either the participant or the spouse has died, the survivor) must consent to any distribution of the account balance. In addition, if at the time of any prior distribution the account balance exceeded \$3,500 (in plan years beginning before August 6, 1997) or exceeded \$5,000 (in plan years

		<p>beginning after August 5, 1997), and the account balance is immediately distributable, the participant and the participant's spouse (or where either the participant or the spouse has died, the survivor) must consent to any distribution of the account balance. However, the participant (and spouse, if any) must consent to the distribution regardless of the amount of the account balance if there has already been an annuity starting date with regard to such account balance.</p> <p>2) Where payment in the form of a qualified joint and survivor annuity is not required with respect to a participant: If a participant's account balance is immediately distributable, the participant and the participant's spouse (or where either has died, the survivor) must consent to any distribution of the account balance if the value of the vested account balance derived from employer and employee contributions - -</p> <p>a) for plan years beginning before August 6, 1997, exceeds \$3,500 (or exceeded \$3,500 at the time of any prior distribution),</p> <p>b) for plan years beginning after August 5, 1977 and for a distribution made prior to March 22, 1999, exceeds \$5,000 or exceeded \$5,000 at the time of any prior distribution), or</p> <p>c) for plan years beginning after August 5, 1997 and for a distribution made after March 21, 1999 but before October 17, 2000, exceeds \$5,000 or is a remaining payment under a selected optional form of payment of an account balance that exceeded \$5,000 at the time the selected payment began.</p> <p>IRC sections 1.411(a)(11) and 417(e), and Regs. sections 1.411(a)(11)-1 and 1.417(e)-1.</p>
271		The vesting schedule should be amended to satisfy the requirements, at every point in time, of a particular one of the minimum vesting schedules described by IRC 411(a)(2)(A) and (B) for all employees' years of service. Regs. section 1.411(a)-3T.
VI.a., b.		
281		Where the vesting schedule is being amended, for every employee who is a participant on the amendment adoption date or the amendment effective date, whichever is later, the nonforfeitable percentage (determined as of that date) of the participant's right to the employer-derived accrued benefit may not be less than the participant's percentage figured under the plan without regard to the amendment. Section _____ of the plan should be amended accordingly. Regs. section 1.411(a)-8(a).
VII.a.		
282		Section _____ of the plan should be amended to provide that each participant who has completed 3 years of service with the employer and whose nonforfeitable percentage is determined under the new vesting schedule may elect to have the nonforfeitable percentage determined under the old vesting schedule. Regs. section 1.411(a)-8T(b).
VII.b.		
283		Section _____ of the plan should be amended so that it does not reduce or restrict, either directly or indirectly, the benefit provided any plan participant prior to the amendment except as provided under the regulations. IRC section 411(d)(6) and Regs. sections 1.411(d)-3(b) and 1.411(d)-4.
VII.c., d., e. and f.		
285		Section _____ of the plan should be amended so that it retains a preretirement age 70½ distribution option for employees who reach age 70½ in a calendar year prior to the later of the calendar year that begins after December 31, 1998, or the calendar year that begins after the adoption date of the amendment.
VII.g.		
287		Section _____ of the plan should be amended so that allocations of employer contributions and forfeitures will not be discontinued or decreased because of the participant's attainment of any age. IRC section 411(b)(2) and Proposed Regs. section 1.411(b)-2(c).
VIII.a.		
289		A plan may not permit an employer, through the exercise of discretion, to deny a participant a section 411(d)(6) protected benefit for which the participant is otherwise eligible. Section _____ of the plan should therefore be amended. See Q&As 8 and 9 of Regs. section 1.411(d)-4 regarding acceptable alternatives for amending the plan without violating section 411(d)(6).
VIII.b.		