

Employee Plan Deficiency Checksheet
Permitted Disparity
Attachment #5B

Form 9637 (Rev. 4/2000)
Cat. No. 20612Q

For IRS Use **Please furnish the amendment(s) requested in the section(s) checked below.**

0570

I.a.

Please submit a demonstration that the plan satisfies the requirements of IRC section 401(l) and the regulations thereunder.

0571

I.b.

Section _____ of the plan should be amended so that the integration level under the plan is a uniform dollar amount not in excess of the contribution and benefit base ("taxable wage base") under section 230 of the Social Security Act in effect at the beginning of the plan year. Regs. sections 1.401(l)-1(c)(20) and 1.401(l)-2(d).

0572

I.c.

Section _____ of the plan should be amended so that the excess contribution percentage and the base contribution percentage are the same for all participants. For this purpose, the excess contribution percentage is the rate at which contributions and forfeitures are allocated on compensation above the integration level, and the base contribution percentage is the rate at which contributions and forfeitures are allocated on compensation at or below the integration level. Regs. section 1.401(l)-2(c)(1) and (2).

0573

I.d., e.

Section _____ of the plan should be amended so that the excess contribution percentage does not exceed the base contribution percentage by more than the lesser of: (1) the base contribution percentage, or (2) the amount determined in accordance with the table provided in sections 1.401(l)-2(b)(2) and 1.401(l)-2(d)(4) of the regulations. Regs. sections 1.401(l)-2(b)(2) and 1.401(l)-2(d)(4).

0574

I.f

Section _____ of the plan should be amended so that the overall permitted disparity may not be exceeded. The plan must contain provisions to insure that the annual overall permitted disparity limit and, for years after 1994, the cumulative permitted disparity limit are satisfied. Regs. section 1.401(l)-5.

0575

II.a.

Please submit a demonstration that the plan satisfies the requirements of IRC section 401(l) and the regulations thereunder.

0576

II.b.

Section _____ of the plan should be amended to provide an integration level (or, in the case of an offset plan, an offset level) that will satisfy the requirements of section 1.401(l)-3(d) of the regulations. If the integration or offset level is a single dollar amount that does not satisfy the requirements of section 1.401(l)-3(d)(4) or 1.401(l)-3(d)(6), submit a demonstration that the plan satisfies the demographic requirements of section 1.401(l)-3(d)(8) of the regulations. Regs. section 1.401(l)-3(d).

0577/0578

II.c.

A defined benefit (or target benefit) excess plan will not satisfy IRC section 401(l) unless the base benefit percentage and the excess benefit percentage are uniform (or deemed to be uniform) for all participants. The base benefit percentage is the rate at which benefits accrue with respect to compensation at or below the integration level. The excess benefit percentage is the rate at which benefits accrue above the integration level. An offset plan will not satisfy section 401(l) unless the gross benefit percentage and the offset percentage are uniform (or deemed to be uniform) with respect to all participants. Section _____ of the plan should be amended accordingly. Alternatively, submit a demonstration that this requirement is satisfied. Regs. section 1.401(l)-3(c)(2).

0579

II.d.(i)

Section _____ of the plan should be amended so that the disparity in the plan does not exceed the maximum excess allowance (or, in the case of an offset plan, the maximum offset allowance). Alternatively, submit a demonstration that this requirement is satisfied. Regs. sections 1.401(l)-3(b)(2) and 1.401(l)-3(b)(3).

0580

II.d.(ii) Please submit a demonstration that, taking into account only employer-provided benefits, the plan satisfies the requirements of IRC section 401(l) and the regulations thereunder. Regs. sections 1.401(a)(4)-6(b) and 1.401(l)-3(h).

0581

II.d.
(iii)

Section _____ of the plan should be amended so that with respect to total employer-provided benefits under the plan for all years of service the difference between the excess benefit percentage and the base benefit percentage (or, in the case of an offset plan, the offset) is limited to $\frac{3}{4}$ of 1 percent times the participant's total years of service (up to 35). Alternatively, submit a demonstration that this requirement is satisfied. Regs. sections 1.401(l)-3(b)(1) and 1.401(l)-5.

0582/0583

II.d.(iv) The integration (or offset) level under the plan is one that requires a reduction to the $\frac{3}{4}$ of 1 percent factor in the maximum excess or offset allowance. This required reduction is independent of, and in addition to, any other required reduction. Accordingly, section _____ of the plan should be amended so that the difference between the excess benefit percentage and the base benefit percentage (or, in the case of an offset plan, the offset) will not exceed the adjusted amount determined in accordance with section 1.401(l)-3(d)(9), and, if applicable, 1.401(l)-3(d)(6)(iii), of the regulations (adjusted for any other required reductions). Alternatively, submit a demonstration that this requirement is satisfied. Regs. sections 1.401(l)-3(d)(6) and (9).

0584/0585

II.d.(v) Please submit a demonstration that the excess benefit percentage under the plan does not exceed the base benefit percentage by more than the maximum excess allowance (or, in the case of an offset plan, that the offset under the plan does not exceed the maximum offset allowance) with respect to each optional form of benefit provided under the plan. In the case of any optional form of benefit provided under the plan that is not payable as a level annuity over a period of not less than the life of the participant, this demonstration must be made by first normalizing the respective portions of the optional form of benefit to a straight life annuity under the rules in section 1.401(a)(4)-12 of the regulations. Regs. sections 1.401(a)(4)-12 and 1.401(l)-3(b)(4)(iii).

0586/0587

II.d.(vi) Section _____ of the plan should be amended so that with respect to benefits payable under the plan prior to social security retirement age (SSRA) (including benefits payable at normal retirement age and, in defined benefit plans, benefits payable at early retirement age and disability benefits, other than qualified disability benefits) the difference between the excess benefit percentage and the base benefit percentage will not exceed the maximum excess allowance (or, in the case of an offset plan, that the offset will not exceed the maximum offset allowance), as adjusted for other required reductions, reduced as set forth in section 1.401(l)-3(e) of the regulations. Alternatively, submit a demonstration that this requirement is satisfied. (Note that in an offset plan a reduction to the offset required because the benefit is payable before SSRA will also require a reduction to the benefit provided under the plan formula prior to application of the offset.) Regs. sections 1.401(l)-3(e) and 1.401(l)-3(f)(2).

0588/0589

II.e. In the case of a fully insured defined benefit plan that is described in section 411(b)(1)(F) or a target benefit plan, the 3/4 of 1 percent factor in the maximum excess or offset allowance is reduced by a factor of .8. Section _____ of the plan should therefore be amended so that the difference between the excess benefit percentage under the plan and the base benefit percentage will not exceed the maximum excess allowance (or, in the case of an offset plan, that the offset under the plan will not exceed the maximum offset allowance), as adjusted for other required reductions, reduced by a factor of .8. Alternatively, submit a demonstration that this requirement is satisfied. Regs. sections 1.401(a)(4)-3(b)(5)(viii) and 1.401(a)(4)-8(b)(3)(i)(c).

0590

II.f. Section _____ of the plan should be amended so that the overall permitted disparity limits may not be exceeded. The plan must contain provisions to insure that both the annual overall permitted disparity limit and the cumulative permitted disparity limit are satisfied. Regs. section 1.401(l)-5.