

# SEP CHECKLIST



This checklist is *not* a complete description of all plan requirements, and should *not* be used as a substitute for a complete plan review.

For Business Owner's Use

(DO NOT SEND THIS WORKSHEET TO THE IRS)

Every year it is important that you review the requirements for operating your Simplified Employee Pension (SEP) plan. Use this checklist to help you keep your plan in compliance with many of the important rules. See [www.irs.gov/retirement](http://www.irs.gov/retirement) for online versions of this checklist, Fix-It Guides and other resources for SEPs and other plan types. On the online version of this checklist, click on "(More)" in any of the questions for additional information (including examples) on how to find, fix and avoid each mistake.

**1. Has your SEP been amended for current law?** Yes ☐ No ☐

Laws related to retirement plans change quite frequently. You will need to change plan language and operation to keep the plan within the law.

[\(More\)](#)

**2. Is the business that the SEP covers the only business you own?** Yes ☐ No ☐

Employees of other businesses you and/or your family members own may have to be treated as employees when determining who is an eligible employee under this SEP.

[\(More\)](#)

**3. Are all eligible employees participating in the SEP?** Yes ☐ No ☐

Any employee who is at least 21 years of age, was employed by you for 3 of the immediately preceding 5 years, and received compensation from you of at least \$550 during the year (subject to cost-of-living adjustments after 2011) is eligible to participate in a SEP.

[\(More\)](#)

**4. Are you determining each eligible employee's compensation using the definition in your SEP document?** Yes ☐ No ☐

Compensation used to determine contributions generally includes all bonuses and commissions and is limited to \$245,000 for 2011, subject to cost-of-living adjustments in later years.

[\(More\)](#)

**5. Are contributions to each participant's SEP-IRA a uniform percentage of the participant's compensation?** Yes ☐ No ☐

Employer contributions to a SEP must be the same percentage of compensation of each employee maintaining a SEP-IRA in the plan.

[\(More\)](#)

**6. Are SEP contributions to each participant's IRA limited as required by the Internal Revenue Code?** Yes ☐ No ☐

All SEP contributions must go to traditional IRAs set up for the eligible employees and are limited to the lesser of 25% of compensation or \$49,000 for 2011, subject to cost-of-living adjustments in later years..

[\(More\)](#)

**If you answered "No" to any of the above questions, you may have a mistake in the operation of your SEP plan. This list is only a guide to a more compliant plan, so answering "Yes" to each question may not mean your plan is 100% compliant. Many mistakes can be corrected easily, without penalty and without notifying the IRS.**

■ contact your tax advisor

■ visit the IRS at [www.irs.gov/retirement](http://www.irs.gov/retirement)

■ call the IRS at (877) 829-5500