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Benefit Plan Audit Specialists

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**DOL Proposed Changes to VFCP,
including Adding Self-
Correction for Late
Contributions**



The U.S. Department of Labor announced that its [Employee Benefits Security Administration](#) has proposed updates to its [Voluntary Fiduciary Correction Program](#), including a self-correction component for employers who fail to send employee salary withholding contributions

or participant loan repayments to retirement plans in a timely manner.

The program allows plan officials to avoid potential civil enforcement actions and civil penalties under the Employee Retirement Income Security Act if they voluntarily correct eligible transactions in a manner that meets the program's requirements.

EBSA's proposed changes will do the following:

- Clarify some existing transactions that are eligible for correction under the program.
- Expand the scope of other transactions currently eligible for correction and simplify administrative or procedural requirements under the program.
- Amend the associated prohibited transaction class exemption, known as PTE 2002-51.

Most significant among the proposed changes is the addition of the self-correction component. This feature

will enable employers and other plan officials to notify EBSA electronically that they have self-corrected certain failures to send participant contributions and loan repayments to pension plans on time. The proposed self-correction component can only be used if the following conditions are met:

- Participant contributions or loan repayments to the plan must be remitted no more than 180 calendar days from the date of withholding or receipt.
- Lost earnings must not exceed \$1,000 calculated from date of withholding or receipt.
- The plan or self-corrector must not be under investigation as defined in the program.
- Self-correctors must use the program's online calculator to calculate lost earnings and an online web tool to complete and file the self-correction component notice. Self-correctors must also complete and retain the self-correction retention record checklist.

Correction of these transactions under the current [Voluntary Fiduciary Correction Program](#) requires plan officials to submit an application to EBSA for review and approval.

The [proposed updates are displayed at the Federal Register](#).



The Voluntary Fiduciary Correction Program and prohibited transaction exemption notices include a 60-day period for public comments and instructions on how to submit comments. The existing program and exemption remain available to the public until the Federal Register publishes final revisions. Public comments are to be submitted by January 20, 2023.



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Who We Are

Torrillo & Associates, LLC specializes in employee benefit plan audits including 401k audits, 403b audits, pension plan audits, and other retirement plan audits. We are licensed in 10 states including Pennsylvania, New Jersey, Delaware, New York and Florida. We are also able to practice in additional states that have passed firm mobility.

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- [Executive Order Issued to Expand Access to Alternative Assets for 401\(k\) Investors](#)
- [DOL Promotes New On-Line Self-Correction Program](#)

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