

When Do I Need a Pension Plan Audit Accountant?

A pension is something to look forward to in your retirement. According to the U.S. Census Bureau, pension benefits provided income to nearly a third of adults in 2019 alone. If you're looking to participate in an eligible retirement plan, keep in mind that the Employee Retirement Scheme Act of 1974 (ERISA) requires annual audits, so you might need the services of a [pension plan audit accountant](#). Let's explore more about when you might need a pension plan audit accountant.

When Do Employers Need to Hire a Pension Plan Audit Accountant?

As mentioned, you'll need an annual audit of plan financial statements by a qualified pension plan audit accountant under the provisions of ERISA. You'll need to fulfill this requirement if you're a plan sponsor that has 100 or more eligible participants. Generally, you'll need to engage the services of an independent pension plan audit accountant at the beginning of the plan year.

What's the Purpose of This Audit?

You may be wondering what the goal of a plan audit is. If you're sponsoring a pension plan, then it's crucial that you meet the fiduciary requirements to stay compliant. The goal of the audit is to uncover as much information as possible about your plan processes and make necessary adjustments to the control environment. Essentially, an audit offers the insight to implement corrections and ensure that the plan's sponsor

can perform their administration duties and manage the plan successfully. With that in mind, working with an accomplished pension plan audit accountant is in your best interests as it helps you eliminate operational errors and other unwanted processes.

What Does the Auditor Consider?

As expected, your auditor will consider many factors in their analysis. This also provides them with more insight into the various processes involved. Your auditor can consider factors such as whether all eligible employees have the same access to the pension plan and if contributions to the plan are made on time and according to the plan's terms. They'll also consider whether all plan assets have been fairly valued and if any prohibited transactions or identity issues impact the plan's tax status. All these considerations are crucial to ensure that the audit results are as accurate as possible.

As you can see, working with a reputable pension plan audit accountant is worthwhile. It not only keeps you compliant as a sponsor but it allows you to use the audit results to enhance your plant operations. Get in touch with Barbera & Barbera today to find out more.