



Ferenczy Flashpoint: User Fees Going Up and CARES Update

Updated User Fees for IRS Filings

The IRS just issued the user fees for 2021 in Announcement 2020-14. Unlike in 2018, when the IRS increased user fees overnight with no advance notice (yes, we hold a grudge), the IRS is letting us know several months in advance so that we can take some preemptive action to take advantage of the lower fees while they still apply.

The only fees changing for retirement plans are:

Type of User Fee	Changes Effective 1/4/2021
Form 5300 (application for determination letter)	Old: \$2,500 New: \$2,700
Form 5307 (application for determination for modified Volume Submitter plan)	Old: \$800 New: \$1,000
Form 5310	Old: \$3,000 New: \$3,500
Letter ruling request for Five-Year Automatic Extension of the Amortization Period	Old: \$1,000 New: \$6,500

With these increases coming, it may be wise to submit determination letter requests before the end of the year. The IRS has declined to permit many flexible allocation provisions in preapproved plan documents for Cycle 3. The consequence is that many more employers may need to “color outside the lines” for this restatement, and will want to request a determination letter via Form 5307 to ensure reliance. Employers that can restate quickly can take advantage of the current, lower filing fee.

Updated CARES White Paper

We worked with CUNA Mutual to update the white paper that was published (and passed on to you in a **FlashPoint** in April), so that it takes into account the additional guidance published by the IRS in late June. You can access the updated version **here**. Please feel free to download the paper and share it with your friends, colleagues, and clients.

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Hope you are all staying healthy! Stay in touch!



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