Atteberry/Searle, Incorporated
Third Party Retirement Plan Administrators

Definition of Terms used In Data Collection

What is a Prohibited Transaction?

A prohibited transaction is a transaction between a plan and a disqualified person that is prohibited by law.

Prohibited transactions generally include the following transactions:

- a transfer of plan income or assets to, or use of them by or for the benefit of, a disqualified person;
- any act of a fiduciary by which plan income or assets are used for his or her own interest;
- the receipt of consideration by a fiduciary for his or her own account from any party dealing with the plan in a transaction that involves plan income or assets;
- the sale, exchange, or lease of property between a plan and a disqualified person;
- lending money or extending credit between a plan and a disqualified person; and
- furnishing goods, services, or facilities between a plan and a disqualified person.

Who is a Disqualified person?

You are a disqualified person if you are any of the following.

1. A fiduciary of the plan.
2. A person providing services to the plan.
3. An employer, any of whose employees are covered by the plan.
4. An employee organization, any of whose members are covered by the plan.
5. Any direct or indirect owner of 50% or more of any of the following.

    a. The combined voting power of all classes of stock entitled to vote, or the total value of shares of all classes of stock of a corporation that is an employer or employee organization described in (3) or (4).

    b. The capital interest or profits interest of a partnership that is an employer or employee organization described in (3) or (4).

    c. The beneficial interest of a trust or unincorporated enterprise that is an employer or an employee organization described in (3) or (4).

6. A member of the family of any individual described in (1), (2), (3), or (5). (A member of a family is the spouse, ancestor, lineal descendant, or any spouse of a lineal descendant.)

7. A corporation, partnership, trust, or estate of which (or in which) any direct or indirect owner described in (1) through (5) holds 50% or more of any of the following.

   a. The combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of a corporation.

   b. The capital interest or profits interest of a partnership.

   c. The beneficial interest of a trust or estate.

8. An officer, director (or an individual having powers or responsibilities similar to those of officers or directors), a 10% or more shareholder, or highly compensated employee (earning 10% or more of the yearly wages of an employer) of a person described in (3), (4), (5), or (7).

9. A 10% or more (in capital or profits) partner or joint venturer of a person described in (3), (4), (5), or (7).

10. Any disqualified person, as described in (1) through (9) above, who is a disqualified person with respect to any plan to which a section 501(c)(22) trust is permitted to make payments under section 4223 of ERISA.

Source: IRS Website 12-2021