

What is an Affiliated Service Groups (Code Section 414(m))?

An Affiliated Service Group (ASG) consists of two or more organizations that have a service relationship and, in some cases, an ownership relationship. ASG members are generally in fields of service organizations (health, law, engineering, architecture, accounting, etc.) or organizations where capital is not a material income-producing factor. (Banks and other financial institutions are not considered to be service organizations when applying ASG rules.)

For purposes of determining qualification of a plan(s) as to coverage and benefits, all employees of the employers who are members of an Affiliated Service Group shall be treated as employed by a single employer except as provided by treasury regulations.

Employee Leasing (Code Section 414(n)): Leased employees may be treated as employees of the recipient under certain circumstances.

Sentinel will ask you each year for information related to Affiliated Service Groups in the Annual Information Collection Package. It is important that you keep Sentinel informed of any changes in business relationships.
