

IRS REOPENS DETERMINATION LETTER PROGRAM FOR CERTAIN PLANS

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Previously, the Internal Revenue Service decided that sponsors of individually designed qualified plans could apply for a determination letter only for initial plan qualification or upon plan termination. In a recent Revenue Procedure, the IRS expanded the availability of the determination letter program to two ways. First, individually designed plans that are merged in connection with a business transaction may file for a determination letter on an on-going basis. The date of plan merger must occur no later than the first day of the first plan year beginning after the plan year that includes the date of a corporate merger, acquisition, or similar business transaction between unrelated parties. The resulting merged plan must be submitted within the period beginning on the date of plan merger and ending on the last day of the first plan year that begins after the date of the plan merger. Second, statutory hybrid plans (typically, cash balance plans) will have a 12-month period beginning September 1, 2019 and ending on August 31, 2020 to apply for a determination letter. Plan sponsors of merged plans and statutory hybrid plans should consider applying for determination letters on these plans as permitted by the new IRS guidance. To view Rev. Proc. 2019-20, [click here](#).

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