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## WHAT'S INSIDE?





# IRS Updates Qualified Plans' Rollover Notice: *Use This to Your Clients' Advantage*

Qualified plans must provide participants with several notices and informational pieces about the plan. The timing for these notices varies, with some being issued periodically (i.e., quarterly or annually) and others only upon the occurrence of a specific event. The Rollover Notice [also called the "Special Tax Notice" or the "402(f) Notice"] is one such requirement.

The Rollover Notice must be given to participants when all, or part of, a distribution is eligible for a rollover. To be safe, many plans will provide this Notice with every distribution form, even when a distribution is not eligible for a rollover and would not require the Rollover Notice (i.e., the hardship distribution).

In late September of this year, IRS released Notice 2018-74, updating the Rollover Notice (irs.gov/pub/irs-drop/n-18-74.pdf) to include, among other things, changes enacted by the Tax Cuts and Jobs Act (TCJA).

While the tax code allows plans to create their own Rollover Notice by following IRS' guidelines, IRS has also issued two safe harbor notices that plans can adopt. One is for payments from a Roth account within a plan [e.g., Roth 401(k), 403(b), or 457(b)], and the other is for all non-Roth plan accounts. As you may suspect, most plans adopt the IRS approved safe harbor notices.

This updated Rollover Notice incorporates three previous legislative changes. First, the Notice addresses the new rollover rules for plan loan offsets created by the TCJA. Second, it includes the exceptions from the early distribution penalty for certain federal phased retirees, as well as for distributions to certain public safety employees from governmental plans. Third, the Notice includes information on self-certification (i.e., late 60-day rollovers).

### Extended Rollover Period for Plan Loan Offsets

While the TCJA didn't have too great of an impact on qualified plans, it did change the rollover rules for plan loan offsets. Under the TCJA, the rollover period was extended for plan loan offsets resulting from a termination of service or a plan termination.

Instead of the normal 60-day rollover period, the new law extends the period until the individual's tax return due date, including extensions, for the year in which the offset took place. This updated Rollover Notice provides additional information on this new rule.