

FYI[®] Alert

For Your Information[®]

Volume 38 | Issue 42 | March 20, 2015

IRS Extends Temporary Nondiscrimination Testing Relief for Closed Defined Benefit Plans

In Notice 2015-28, IRS adds a year to the temporary nondiscrimination relief previously provided to certain soft frozen defined benefit plans. The relief will be available through plan years beginning before 2017 instead of through plan years beginning before 2016. IRS anticipates finalizing amendments to the nondiscrimination regulations by the time this relief expires.

Background

Responding to plan sponsor concerns about their ability to continue defined benefit plan accruals under pension plans frozen to new participants in the face of costly gateways imposed when using certain nondiscrimination tests, the IRS added an alternative gateway in Notice 2014-05. Access to the alternative requires meeting specific conditions. The relaxed threshold was only offered for plan years beginning before 2016. Details on the relief are the subject of our [December 13, 2013 FYI Alert](#).

One More Year

Notice 2015-28 simply extends the relief for one year. Notice 2015-28 does not change the conditions for the relief or expand the relief to additional plans. Only defined benefit plans providing ongoing accruals and soft frozen with an amendment adopted before December 13, 2013 are eligible.



Authors

Marjorie Martin, EA, FSPA, MAAA
Joanne Jacobson, JD, LLM

Produced by the Knowledge Resource Center of Buck Consultants at Xerox

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@xerox.com.

You are welcome to distribute *FYI*® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.