

MEMO# 28204

June 18, 2014

IRS Guidance Facilitating Rollovers to Plans

[28204]

June 18, 2014

TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 27-14
OPERATIONS COMMITTEE No. 32-14
TRANSFER AGENT ADVISORY COMMITTEE No. 39-14 RE: IRS GUIDANCE FACILITATING
ROLLOVERS TO PLANS

The IRS published Revenue Ruling 2014-09, [\[1\]](#) providing guidance to facilitate rollovers into qualified plans from other qualified plans and IRAs. The ruling is intended to make it easier for a plan administrator for a receiving plan to conclude that an intended rollover contribution is a valid rollover contribution and, therefore, reduce the perceived administrative burden and liability exposure that many argue serves to discourage rollovers to plans.

The ruling presents two factual situations, one situation involving a rollover from one employer plan into another employer plan and the other situation involving a rollover from a traditional IRA into an employer plan. In each case, the trustee for the distributing plan or IRA issues a check payable to the trustee for the receiving plan for the benefit of the named employee, and gives the check to the employee. In the first situation (plan-to-plan), the employee provides the receiving plan with the name of his prior employer and delivers the check, with an attached check stub that identifies the distributing plan as the source of the funds, to the plan administrator. The receiving plan administrator checks the DOL's EFAST2 database for the most recent Form 5500 filed for the distributing plan, which indicates that the plan is intended to be tax-qualified. In the second situation (IRA-to-plan), the employee delivers the check, including a check stub that identifies the IRA of the named employee as the source of the funds, to the receiving plan administrator. In both cases, the employee certifies that the distribution includes no after-tax amounts (which are not accepted by the receiving plan). Based on these facts, the ruling concludes that in each situation, absent any evidence to the contrary, the plan administrator for the receiving plan may reasonably conclude that the potential rollover contribution is a valid rollover contribution.

The ruling indicates that the results would be the same if there had been no check stub identifying the source of the funds, as long as the check itself identified the source of the funds as the distributing plan or IRA. In addition, the results would be the same if the rollover had been accomplished through a wire transfer or other electronic means, provided

that the plan administrator or trustee for the distributing plan or IRA had communicated to the receiving plan administrator the same information regarding the source of the funds.

Finally, the ruling states that if it is later determined that the amount rolled over is an invalid rollover contribution, the amount rolled over plus any attributable earnings must be distributed to the employee within a reasonable time after such determination.

The guidance addresses some of the issues raised in a 2013 GAO report on 401(k) plan rollovers, particularly the difficulties participants can encounter in attempting to roll over savings into a new plan. [2]

Elena Barone Chism
Associate Counsel

endnotes

[1] Revenue Ruling 2014-09 is available here: <http://www.irs.gov/pub/irs-drop/rr-14-09.pdf>.

A news release is available here:

<http://www.treasury.gov/press-center/press-releases/Pages/jl2345.aspx>.

[2] See [Memorandum](#) to Pension Members No. 16-13 [27151], dated April 3, 2013.