

**MEMO# 11571**

January 25, 2000

## **IRS RELEASES UPDATED SAFE HARBOR SECTION 402(F) NOTICE**

[11571] January 26, 2000 TO: PENSION MEMBERS No. 6-00 PENSION OPERATIONS ADVISORY COMMITTEE No. 5-00 RE: IRS RELEASES UPDATED SAFE HARBOR SECTION 402(f) NOTICE \_\_\_\_\_ The Internal Revenue Service has released Notice 2000-11 to provide an updated version of their safe harbor section 402(f) notice regarding pension plan rollover rights. This version updates and replaces the safe harbor notice published in Notice 92-48. The safe harbor notice meets the requirements of section 402(f) if it is provided to the recipient of an eligible rollover distribution no less than 30 days and no more than 90 days before the date on which the distribution is made, in accordance with existing regulations. The updated safe harbor notice reflects changes made to the Code and Income Tax Regulations that affect the matters addressed in the notice. For instance, the Small Business Job Protection Act of 1996 (SBJPA) altered rules regarding the commencement of minimum required distributions and eliminated the special five-year averaging rule applicable to certain lump sum distributions; and the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA) provided an additional exception to the early withdrawal tax and modified the extent to which hardship distributions were eligible for rollover. Similarly, various regulations have been issued or finalized since the safe harbor notice was first published, including regulations addressing the withholding on employer securities, the treatment of plan loan offset amounts and the use of paperless technologies. Plan administrators may “customize” the safe harbor notice by omitting portions of it that could not apply to a particular plan. In addition, plan administrators may provide additional information with the notice as long as the information is not inconsistent with it. Plan administrators also may satisfy section 402(f) by providing a notice of rollover rights that is different from the safe harbor notice if it contains the information required by section 402(f) and is written in a manner designed to be easily understood. Comments relating to Notice 2000-11 may be addressed to the Internal Revenue Service at the address identified therein. There is no established deadline for comments. Russell G. Galer Senior Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11571. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).