



IRS Announces Extension of Deadline to Amend Cash Balance and Defined Benefit Plans

December 2010

The IRS announced in Notice 2010-77 that the deadline for amending qualified plans to comply with the rules under the Pension Protection Act of 2006 (“PPA”) regarding cash balance plans and funding for defined benefit plans, has been extended one more year until the last day of the plan year beginning on or after January 1, 2011.

The PPA revised the funding rules for defined benefit plans and created special rules relating to cash balance plans. The original deadline for amending plans to conform to PPA was the first plan year beginning on or after January 1, 2009. Notice 2009-97 extended the deadline to 2010 for conforming amendments relating to certain PPA provisions.

With Notice 2010-77, the IRS has again extended the deadline for plan sponsors to comply with the Internal Revenue Code. This extension is being provided so that plan sponsors can take into account changes made by the following:

- the Worker, Retiree and Employer Recovery Act of 2008 (“WRERA”);
- the Preservation of Access to Care for Medical Beneficiaries and Pension Relief act of 2010 (“PRA 2010”); and
- the final regulations issued on October 19, 2010 under §§411(a)(13) and 411(b)(5).

Note that many amendment deadlines set forth in Notice 2009-97 continue to apply.

ADDITIONAL INFORMATION

Chernoff Diamond Consultants provides comprehensive consulting and administrative services with respect to all forms of qualified and non-qualified retirement plans.

For additional information about our services please contact John Grace, Senior Benefits Consultant at (516) 247-3426 or jgrace@chernoffdiamond.com.