



TaxNewsFlash

United States

No. 2018-107
March 16, 2018

Rev. Proc. 2018-21: Revisions to opinion and advisory letters for pre-approved master and prototype and volume submitter plans

The IRS today released an advance version of Rev. Proc. 2018-21 to modify the procedures for issuing opinion and advisory letters for pre-approved master and prototype and volume submitter plans.

Rev. Proc. 2018-21 [PDF 52 KB] modifies:

- Provisions of Rev. Proc. 2015-36 to allow pre-approved defined benefit plans containing a cash balance formula to provide for the actual rate of return on plan assets as the rate used to determine interest credits
- A provision of Rev. Proc. 2017-41 relating to the rates that are permitted to be used to determine interest credits in pre-approved defined benefit plans containing a cash balance formula
- References to “hypothetical interest” and “hypothetical interest credits” in Rev. Proc. 2015-36 to “interest credits” to be consistent with the terminology in Rev. Proc. 2017-41

Background

Under a system established in 2005, every individually designed plan qualified under section 401(a) has a regular, five-year remedial amendment cycle. The cycles are staggered and spread over five-year periods, so that plan sponsors need to apply for new determination letters generally only once every five years.

In addition, under this system, every pre-approved plan (i.e., every master and prototype (M&P) plan and volume submitter (VS) plan) generally has a regular, six-

year remedial amendment cycle. Consequently, sponsors, practitioners, and adopters of pre-approved plans generally need to apply for new opinion, advisory, or determination letters only once every six years.

[Rev. Proc. 2015-36](#) [PDF 163 KB] was released in July 2015 to modify earlier guidance by expanding the scope of the pre-approved program to include defined benefit plans containing cash balance features and defined contribution plans containing employee stock ownership plan (ESOP) features. Rev. Proc. 2015-36 also reflected changes made to the determination letter program.

The IRS in July 2017 released [Rev. Proc. 2017-41](#) [PDF 190 KB] to modify the procedures provided previously by Rev. Proc. 2015-36 for opinion and advisory letters on the form of qualified retirement plans submitted under the pre-approved plan program. On issuing Rev. Proc. 2017-41, the IRS stated that this guidance aimed at simplifying the program by restructuring the master and prototype and volume submitter pre-approved programs into a single program that, in turn, increased the types of eligible plans and allowed greater flexibility in plan design options.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)