



TaxNewsFlash

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Notice 2018-74: Modified “safe harbor” explanations for plan administrators to provide for recipients of rollover distributions

The IRS today released an advance version of Notice 2018-74 that modifies two “safe harbor” explanations with respect to eligible qualified plan rollover distributions, to reflect legislative changes as well as to take into consideration other guidance.

Background

The regulations provide that the plan administrator of a qualified plan must, within a reasonable period of time before making an eligible rollover distribution, provide the distributee with a written explanation that complies with the rules under section 402(f).

Notice 2014-74 provided two safe harbor explanations for plan administrators. One safe harbor explanation was for payments not from a designated Roth account, and the other safe harbor explanation was for payments from a designated Roth account. Specifically, Notice 2014-74 provided that these safe harbor explanations could be used by plan administrators and payors to satisfy the section 402(f) rules—provided that these reflected current law.

Notice 2018-74

[Notice 2018-74](#) [PDF 148 KB] modifies the two safe harbor explanations (originally provided by Notice 2014-74) that may be used to satisfy the requirement under section 402(f) that certain information be provided to recipients of eligible rollover distributions.

The modified safe harbor explanations reflect legislative changes (including measures under the new U.S. tax law enacted December 22, 2017, as Pub. L. No. 115-97) and other IRS guidance issued after Notice 2014-74. These changes include measures

relating to qualified plan loan offsets and guidance issued on self-certification of eligibility for a waiver of the deadline for completing a rollover (described in Rev. Proc. 2016-47). Today's notice also includes other clarifying changes.

Notice 2018-74 also provides in two appendices the following items to help with the implementation of the modified safe harbor explanations:

- Appendix A contains two model safe harbor explanations—one for distributions that are not from a designated Roth account, and a second for distributions from a designated Roth account.
- Appendix B provides instructions on how to amend the safe harbor explanations contained in Notice 2014-74 to reflect the revisions included in the modified safe harbor explanations in Appendix A.

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