

Automatic Enrollment and Other Need-To-Know Provisions of the Pension Protection Act of 2006

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Tax Exempt and Government Entities

Employee Plans

2007 IRS Nationwide Tax Forum

Pension Protection Act of 2006

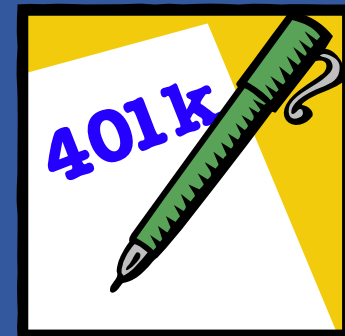


- Signed into Law on 8/17/06
 - Numerous effective dates
- Funding Changes
- Defined Benefit Plans
- Automatic Enrollment

Automatic Enrollment

- IRS Approved in Rev Rul 98-30
- PPA Protects Auto Enrollment Plans Against State Wage Laws
- Fiduciary Relief for Default Investments

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Automatic Enrollment



- Optional Nondiscrimination Safe Harbor Available in 2008
 - Required:
 - Notification
 - Default contributions
 - Matching or non-elective contributions
 - Vesting after 2 years of service

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EGTRRA Permanent

- Increased Limits
 - Elective deferrals
 - Catch-up contributions
 - Compensation limits
 - Deductible contributions to profit-sharing plans
 - 415 limits
- Saver's Credit



EGTRRA Permanent

- Designated Roth Accounts for 401(k) and 403(b) Plans
 - After-tax contributions
 - Separate account
 - Qualified distributions excludable from gross income

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Distributions

- Notice and Consent
- Qualified Charitable Contributions
- Hardships
- Reservists
- In-Service Distributions
- Rollovers to Nonspouse Beneficiary



Diversification

- PPA Added Code §401(a)(35)
- Applies to DC Plans (Other Than Certain ESOPs)
- Requires Participants' Right to Divest ER Securities in Account
- Guidance in Notice 2006-107

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Miscellaneous Provisions

- Direct Deposit of Tax Refunds
- Vesting
- Prohibited Transactions
 - Exemption for provision of investment advice
 - Rules relating to financial investments
 - Correction period for certain transactions involving securities and commodities



Voluntary Correction

- Administrative Policy Since 1991, Now Law
- What if a Mistake is Made?
 - Self-Correction Program
 - Voluntary Correction Program
 - Audit Closing Agreement Program



What to Look for in the Future

- DB (k)
- Form 5500 Filing
- Plan Amendments



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Retirement Plan Assistance



- www.irs.gov/ep
 - Includes page dedicated to PPA
- (877) 829-5500
 - Customer Account Services
- RetirementPlanQuestions@irs.gov
- Newsletters

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