

Employee Plans News

Issue 2014-13, September 2, 2014

Group trust rules

[Changes to 81-100 group trust rules](#) – include allowing assets in an insurance company's separate account to be invested in a group trust under certain conditions.

Webinars

[Retirement plan hot topics](#) (Sept. 11 at 2 p.m. EDT) – learn about the myRA program, IRA tax-free rollovers, the *Windsor* Supreme Court ruling, invalid Social Security numbers, Form 5500-EZ filing pitfalls and relief program, and tips for self-employed plan sponsors.

Changes to 81-100 Group Trust Rules

[Revenue Ruling 2014-24](#) modifies the rules regarding 81-100 group trusts by:

- stating that certain retirement plans qualified under the Puerto Rico Code may invest in 81-100 group trusts even if such a plan is not also qualified under the Internal Revenue Code.
- clarifying that assets held by insurance company separate accounts may be invested in 81-100 group trusts under some circumstances.
- giving transition relief for certain dual-qualified plans (plans with U.S. trusts qualified under both the U.S. and Puerto Rico Codes) to allow sponsors of those plans an additional year to spin off the assets and liabilities of their Puerto Rico employees into Puerto Rico-only qualified plans satisfying ERISA Section 1022(i)(1).
- providing other miscellaneous guidance.

Group trust investment requirements

Rev. Rul. 81-100, 1981-1 C.B. 326, provides that qualified retirement plans and individual retirement accounts (IRAs) may pool their assets for investment purposes in a group trust if certain requirements are met. Subsequent revenue rulings added Internal Revenue Code Section 403(b), 457(b) and 401(a)(24) plans to the list of plans that may invest in 81-100 group trusts and added some additional requirements (Rev. Ruls. [2011-1](#) and [2004-67](#))

Puerto Rico plans and transition relief

With respect to Puerto Rico plans, Rev. Rul. 2014-24:

- states that a plan described in ERISA Section 1022(i)(1) is eligible to participate in an 81-100 group trust if the requirements of Rev. Rul. 2011-1, as modified by Rev. Rul. 2014-24, are satisfied; and
- extends certain transition relief provided in [Rev. Rul. 2008-40](#) to transfers to ERISA Section 1022(i)(1) plans from qualified retirement plans that participated in 81-100 group trusts on January 10, 2011, if the transfers occur before January 1, 2016. The transition relief under Rev. Rul. 2008-40 is not extended for any other plans.

Separate account investment requirements

Rev. Rul. 2014-24 provides that assets held in an insurance company's separate account may be invested in an 81-100 group trust if the:

- assets of the separate account consist solely of assets from group trust retiree benefit plans;
- insurance company timely enters into an agreement with the trustee of the group trust that meets the requirements of Rev. Rul. 2014-24; and
- assets of the separate account are insulated from the claims of insurance company's creditors.

Written agreement timing requirements

If plan assets are invested through an insurance company's separate account in a 81-100 group trust as of December 8, 2014, the trustee of the group trust and the insurance company must enter into a written arrangement meeting the requirements of Rev. Rul. 2014-24 before January 1, 2016. Otherwise, the group trust trustee and the insurance company must enter into a written arrangement no later than the time of the investment.

Other provisions clarified

Rev. Rul. 2014-24 also:

- clarifies that, in the case of a governmental plan, the governing document includes any statute that sets forth the terms applicable to the plan as well as any regulations, ordinances, and other state or local rules or policies binding on the plan under state or local law; and
- modifies condition 6 under Rev. Rul. 2011-1 to make clear that the group trust instrument must expressly provide for separate accounting (not separate accounts) to reflect the interest that each adopting group trust retiree benefit plan has in the group trust.

Additional resources

- [Group Trust Rules Modified](#) by Revenue Ruling 2011-1
 - [Governmental Plans Participating in Group Trusts May Need Amending](#)
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Retirement Plan Hot Topics – September 11, 2014

Learn about the myRA program, IRA tax-free rollovers, the Windsor Supreme Court ruling, invalid Social Security numbers, Form 5500-EZ filing pitfalls and relief program, and tips for self-employed plan sponsors.

[Registration link](#) - after registering, you'll receive a confirmation email.

Date: September 11, 2014

Time: 2:00 p.m. Eastern

Duration: 60 minutes