

Special Edition
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employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Cycle A Determination Letters for Cash Balance Moratorium Plans Due January 31, 2007

Notice 2007-6, released on December 21, 2006, announces that the Service is beginning to process determination letter cases in which the application for a determination letter involves an amendment to change a traditional defined benefit plan into a cash balance plan (cash balance moratorium plans) and provides related guidance.

The Service has received questions as to whether the cash balance moratorium plans that are in Cycle A pursuant to **Rev. Proc. 2005-66** should be submitted for determination letters by January 31, 2007. This special edition of the *Employee Plans News* confirms that cash balance moratorium plans that are in Cycle A must be submitted for determination letters by January 31, 2007, in accordance with Rev. Proc. 2005-66.

The Cycle A determination letter application will be reviewed at the same time and by the same person that is assigned the cash balance moratorium plan. When submitting a Cycle A application, it is helpful if plan sponsors indicate in the cover letter that the plan has been subject to the moratorium on cash balance plans.

The expeditious issuance of determination letters for cash balance moratorium plans, including Cycle A submissions, is a high priority for the Service. Separate determination letters will be simultaneously issued, as appropriate, for both GUST¹ and Cycle A determination letter applications.

¹ The term "GUST" refers to the following:

- the Uruguay Round Agreements Act, Pub. L. 103-465;
- the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. 103-353;
- the Small Business Job Protection Act of 1996, Pub. L. 104-188;
- the Taxpayer Relief Act of 1997, Pub. L. 105-34;
- the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105-206; and
- the Community Renewal Tax Relief Act of 2000, Pub. L. 106-554.

The GUST remedial amendment period generally ended on the later of February 28, 2002, or the end of a plan's 2001 plan year. However, for certain plans eligible for an extended GUST remedial amendment period under Rev. Proc. 2000-20, 2000-1 C.B. 553, the period generally ended on September 30, 2003. ■

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

IRS Issues Additional PPA Guidance

Notice 2007-7, released on January 10, 2007, provides guidance, in the form of questions and answers on eight different provisions of the Pension Protection Act of 2006 (PPA '06) as enacted on August 17, 2006, that are effective in 2007 or earlier. The provisions of PPA '06 addressed in this notice, which are primarily related to distributions, pertain to:

- interest rate assumptions for lump sum distributions,
- hardship distributions,
- early distributions to public safety employees,
- rollovers for nonspouse beneficiaries,
- distributions to pay for accident or health insurance for public safety officers,
- vesting of nonelective contributions,
- the notice and consent period for distributions, and
- distributions from IRAs to charitable organizations.

Visit the [PPA '06 web page](#) for additional resources on the Pension Protection Act of 2006. ■

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