



# PENSION ANALYST COMPLIANCE BULLETIN



**Prudential**  
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## IRS provides revised rollover distribution notices

On September 18, 2018, the IRS issued [Notice 2018-74](#), providing revised safe harbor explanations for eligible rollover distributions (often referred to as the “402(f) notice” or “Special Tax Notice”). This guidance applies to sponsors of and participants in qualified defined benefit and defined contribution plans, 403(b) plans, and governmental section 457(b) plans.

### Background and overview

Notice 2018-74 amends the two safe harbor notices that the IRS last provided in 2014. The revised notices were updated to take into consideration certain legislative changes and recent guidance, including changes regarding:

- The extended rollover deadline for [qualified plan loan offsets](#);
- The exception to the 10% additional tax for phased retirement distributions to certain federal retirees provided under the Moving Ahead for Progress in the 21<sup>st</sup> Century Act;
- The exception to the 10% additional tax for certain distributions relating to certain Federally declared disasters;
- The expanded exception to the 10% additional tax for specified federal employees who have reached age 50 under the Defending Public Safety Employees’ Retirement Act; and
- The self-certification procedures for claiming eligibility for a waiver of the deadline for completing a rollover.

The revised notices also include other clarifying changes, such as:

- Clarification that the 10% additional tax applies only to amounts includable in income;
- Explanation that the rollover rules apply to governmental Section 457(b) plans that include designated Roth accounts;
- Clarification that the general exception to the 10% additional tax for payments from a governmental plan made after a qualified public safety employee separates from service (if the employee will be at least age 50 in the year of separation) is not available for payments from IRAs; and
- Recognizing the possibility that taxpayers affected by federally declared disasters and other events may have an extended deadline for making rollovers.

### Impact on Prudential Retirement’s notification processes

For all applicable plan types, Prudential will implement the use of the revised safe harbor 402(f) notices in early 2019. Until a new version is available, we will continue to supply the existing notices.

#### Compliance Bulletin by Prudential Retirement

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