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PENSION ANALYST COMPLIANCE BULLETIN



Prudential
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IRS updates rollover distribution notices

On August 6, 2020, the IRS issued [Notice 2020-62](#), 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 2020-62 amends the two safe harbor notices that the IRS last provided in 2018. The revised notices were updated to take into consideration certain legislative changes, including changes related to the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). These changes include:

- The exception to the 10% additional tax for qualified birth or adoption distributions; and
- The increase to age 72 for minimum required distributions for employees born after June 30, 1949.

The guidance explains that although coronavirus-related distributions generally may be recontributed to an eligible retirement plan, a plan administrator is not required to provide a 402(f) notice to recipients of coronavirus-related distributions.

The revised safe harbor notices also include other minor modifications to improve their clarity. The updated safe harbor explanations provided in Notice 2020-62 may be used by plan administrators and payors to satisfy the 402(f) notice requirement.

Impact on Prudential Retirement’s notification processes

For all applicable plan types, Prudential will implement revised safe harbor 402(f) notices to reflect SECURE provisions in the near future. Until a new version is available, we will continue to supply the existing notices.

Compliance Bulletin by Prudential Retirement

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