



IRS again modifies amendment cycle rules for governmental plans

In a [special edition of its "Employee Plans News" publication](#), the IRS announced a second modification of the staggered remedial amendment cycle process for sponsors of individually-designed 401(a)-qualified governmental plans. The remedial amendment cycle rules do not currently apply to 403(b) plans or to section 457(b) plans.

Under the [standard remedial amendment cycle rules](#), all existing qualified governmental plans are considered to be individually-designed plans and plan sponsors must file requests for determination letters during filing Cycle C. The Cycle C submission period for the second remedial amendment cycle opens on February 1, 2013, and will close on January 31, 2014.

What is the modification?

As it did during the EGTRRA amendment cycle, the IRS will allow governmental plans to file their second remedial amendment cycle determination letter requests during Cycle E. The Cycle E filing period begins on February 1, 2015, and ends on January 31, 2016. To take advantage of this special offer, the plan sponsor simply does not file a determination application during Cycle C, but files one during Cycle E. The plan sponsor does not need to complete any type of election form or notify the IRS of its intent to file during Cycle E. EGTRRA determination letters, which would normally have expired at the end of the second Cycle C (January 31, 2014) will remain valid until the end of Cycle E (January 31, 2016), if the plan sponsor takes advantage of this delayed filing option.

Are there any drawbacks to filing in Cycle E?

An election to file a determination letter request in this Cycle E *does not* permanently change a governmental plan's filing cycle. The letter issued for this Cycle E will expire at the end of the next Cycle C. The plan's next filing period will be the Cycle C period that begins on February 1, 2018, and ends on January 31, 2019. As a result, additional document restatement expenses and IRS filing user fees will occur just three years after the same expenses were incurred for the second filing cycle.

A plan that files in Cycle E must meet all the requirements for a plan that normally files in Cycle E. This includes the requirement for the plan to reflect all applicable items on the Cycle E Cumulative List, which will be more extensive than the Cycle C Cumulative List. In addition, the plan sponsor will have to adopt required interim amendments during Cycles C and D.

How is Prudential Retirement responding to this special modification?

If Prudential Retirement provides document services for your governmental defined benefit plan, you will receive a separate communication that will include an Authorization Form to let Prudential know if you want to use Cycle C or Cycle E.

If Prudential provides document services for your governmental defined contribution plan, we will assume that you want to take advantage of the Cycle E filing option, unless you notify us otherwise.

Sponsors of governmental defined contribution plans also have a third option. Prudential's defined contribution volume submitter document has been submitted to the IRS for approval and now contains provisions for governmental plans. As a result, sponsors of governmental plans may now use a pre-approved document that is subject to the six-year filing cycle. Plan sponsors that want to use the volume submitter document will need to complete a Form 8905 certifying their intent to adopt the plan. You will receive a separate communication explaining your options.

Compliance Bulletin by Prudential Retirement

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