

Internal Revenue Service

2015-2016 IRS Priority Guidance Plan Released

On July 31, 2015, the Department of the Treasury released the 2015 – 2016 Priority Guidance Plan.

http://www.irs.gov/pub/irs-utl/2015-2016_pgp_initial.pdf The Priority Guidance Plan, which includes projects that are priorities for allocation of resources, does not place any deadline on the completion of projects. As stated in the introduction to the Priority Plan, this list is dynamic:

We intend to update and republish the 2015–2016 plan during the plan year to reflect additional items that have become priorities and guidance that we have published during the plan year. The periodic updates allow us flexibility throughout the plan year to consider comments received from taxpayers and tax practitioners relating to additional projects and to respond to developments arising during the plan year.

Selected regulatory projects include the following:

1. Revenue ruling relating to the recovery of basis under a phased retirement program.
2. Regulations on the exceptions to additional tax under 72(t) on early distributions from retirement plans and IRAs.
3. Regulations on the application of the normal retirement age regulations under 401(a) to governmental plans.
4. Guidance regarding revisions to the determination letter process.
5. Guidance regarding substantiation of hardship distributions.
6. Guidance regarding Qualified Nonelective Contributions (QNECs) and Qualified Matching Contributions (QMACs).
7. Guidance under 401(k)(12) and (13) on safe harbor 401(k) plans regarding certain mid-year changes and certain business transactions.
8. Guidance under 404 on deductions for employer contributions to qualified plans.
9. Guidance on rules applicable to IRAs under 408 and 408A.
10. Guidance updating regulations for service credit and vesting under 411.
11. Guidance regarding the aggregation rules under 414(m).
12. Regulations on the definition of governmental plan under 414(d).
13. Guidance providing clarification regarding the Voluntary Closing Program for failures not covered by Employee Plans Compliance Resolution System (EPCRS).
14. Guidance on distributions made to payees with an address outside the United States.

IRS Workforce Realignment Shuts Down Responses to Technical Questions

The IRS recently announced that Employee Plans (EP) will discontinue answering technical questions by email, including questions forwarded from Customer Account Services, effective October 1, 2015. <http://www.irs.gov/Retirement-Plans/Employee-Plans-Email-Questions> Due to the realignment of legal work and a number of EP employees to the Office of the Associate Chief Counsel in January 2015, EP lacks the resources to do research and provide answers for legal topics.

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According to the announcement, Customer Account Services employees may be contacted at 877-829-5500 for assistance with:

- Account-specific questions
- Basic information about EP forms
- Status of pending applications

Those seeking answers to legal questions may request a private letter ruling (PLR), which is a written statement that interprets and applies tax laws to the taxpayer's specific set of facts. Revenue Procedure 2015-1 provides information for those seeking PLRs. http://www.irs.gov/irb/2015-1_IRB/ar07.html

Employee Plans Webcast Tackled Lessons Learned

On August 27, 2015, Employee Plans Compliance Unit (EPCU) provided information on lessons learned (this presentation is attached separately).

It is important to note EPCU's focus:

- Protecting the interests of employee plan beneficiaries
- Administering federal tax laws as they relate to employee pension plans
- Monitoring activities of pension plans through enforcement activities

EPCU touted its accomplishments over the past 10 years:

- Contacted more than 37,000 pension plan sponsors.
- Conducted in excess of 70 projects.
- Affected some \$100,000,000 in correction.
- Assessed over \$15,000,000 in tax assessments.
- Made over 1,300 referrals to examination and other agencies.

Deploying its limited resources as effectively as possible, EPCU frequently conducts compliance checks rather than full audits. Rather than examining books and records as performed in an audit, a compliance check verifies information that is confusing, needs more clarification, is incomplete or untimely.

Two Required Minimum Distribution Worksheets Published

The IRS recently released two one page, easy to use, required minimum distribution worksheets for traditional IRAs. The first worksheet http://www.irs.gov/pub/irs-tege/uniform_rmd_wksht.pdf is used to determine a year's required withdrawal for a traditional IRA *unless* a spouse is the sole beneficiary of the IRA and he or she is more than 10 years younger than the IRA owner.

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The second worksheet http://www.irs.gov/pub/irs-tege/jlls_rmd_worksheet.pdf is used to determine a year's required withdrawal for a traditional IRA if the spouse is the sole beneficiary of the IRA and she or she is more than 10 years younger than the IRA owner.

Department of Labor

Conflicts of Interest in Investment Advice Hearing Held

The public hearing for the recently proposed conflict of interest rule was held August 10 – 13, 2015. The DOL's Employee Benefits Security Administration (EBSA) continues to update its dedicated website, where additional information noted below can now be located. <http://www.dol.gov/ebsa/regs/cmt-1210-AB32-2.html#08122015>

- Conflict of Interest Public Hearing Agenda
- Welcoming Remarks of Assistant Secretary Phyllis C. Borzi at the Conflict of Interest Public Hearing
- Videos of 25 Panels
- Written Testimony and Hearing-Related Materials (37 different links)
- 2,631 Public Comments
- 27 Petitions

In addition, the August 27, 2015 edition of the *Department of Labor Newsletter* addresses the conflict of interest in investment advice proposed rule. <http://www.dol.gov/Sec/newsletter/archive.htm> *Are Your Retirement Savings at Risk* includes a three minute "White Board Explainer," which discusses the conflict of interest proposed rule graphically. Additional resources are linked to the article, including five videos discussing the proposed rule from various vantage points.

DOL Seeks Extensions of Information Collection

Since the collection of information by the Department of Labor is limited to three years under the Paperwork Reduction Act, several extensions have been requested from the Office of Management and Budget (OMB). A recent request includes the following:

Voluntary Fiduciary Correction Program (VFCP) – A notice was published in the Federal Register on August 25, 2015 that would extend the collection of information on a correction method under VFCP that may violate ERISA. <https://www.federalregister.gov/articles/2015/08/25/2015-20966/agency-information-collection-activities-submission-for-omb-review-comment-request-voluntary>.

A notice published in the Federal Register on June 17, 2015 requested extensions in data collection on several topics, including the following. <https://www.federalregister.gov/articles/2015/06/17/2015-14837/proposed-extension-of-information-collection-requests-submitted-for-public-comment>

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Termination of Abandoned Individual Account Plans

- Qualified Termination Administrator (QTA) Regulation
- Abandoned Plan Terminal Report Regulation
- Terminated Plan Distribution Regulation
- Abandoned Plan Class Exemption

Definition of Plan Assets—Participant Contributions

Employee Retirement Income Security Act Summary Annual Report Requirement

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