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Updated Special Tax Notices for Retirement Plan Distributions

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On January 15, 2026, the IRS and Treasury issued Notice 2026-13, which updated the guidance available to plan administrators tasked with providing rollover notices and safe harbor special tax notices designed to comply with the requirements of the Internal Revenue Code ("Code"). Under section 402(f) of the Code, plan administrators are required to provide a written explanation to a participant up to 180 days before an eligible rollover distribution. These notices are intended to inform the participant of available rollover options and the tax consequences of the distribution, including the applicability of income tax withholding.

Notice 2026-13 modifies the special tax notices previously issued in Notice 2020-62 to reflect the SECURE 2.0 Act of 2022 (SECURE 2.0) changes to the rules regarding required minimum distributions and when the 10% additional tax for an early distribution under section 72(t) of the Code applies. SECURE 2.0 added additional exceptions to the 10% additional tax on certain distributions, including distributions for emergency personal expenses, distributions to qualified public safety employees and firefighters, distributions to domestic abuse victims, distributions to terminally ill individuals, distributions from Pension-Linked Emergency Savings Account, qualified disaster recovery distributions and qualified long-term care distributions. For additional information on some of these exceptions to the 10% additional tax, please refer to our prior Blog Post.

Under the SECURE 2.0 changes to required minimum distribution rules, the applicable age at which participants must begin taking distributions was increased, and participants' Roth accounts were excluded from required minimum distribution calculations. For additional information on required minimum distributions under SECURE 2.0, please refer to our prior Blog Post.

To assist plan administrators in complying with the requirements of section 402(f) of the Code, Notice 2026-13 provides two separate special tax notices, one that applies to participants' Roth accounts and a second that applies to participants' non-Roth accounts. Both notices should be provided to a participant if the participant is eligible to receive eligible rollover distributions from both a designated Roth account and a non-Roth account. Otherwise, only the applicable notice should be provided.

The IRS and Treasury encourage the customization of the special tax notices to fit the particular plan at issue. As an example, the guidance states that, for plans that do not hold after-tax (non-Roth) employee contributions, the plan administrator should eliminate the section of the special tax notice that relates to after-tax (non-Roth) contributions. This customization helps to satisfy the requirement that these notices

are written in an easily understood manner.

The updated special tax notices are designed only to comply with the relevant law as of January 15, 2026. The special tax notices may be updated later to reflect relevant future changes.