July 22, 2015

End of an Era - Determination Letter Program to Terminate

On July 21, 2015 the IRS issued Announcement 2015-19, ending the regular determination letter program because of limited resources, and providing a transition period for certain plans.

Effective Jan. 1, 2017, the IRS will no longer accept determination letter applications based on the staggered five-year determination letter remedial amendment cycles for individually designed plans. The last on-cycle determination letter filings will be Cycle A. Sponsors of Cycle A plans will we allowed to submit determination letter applications during the period beginning February 1, 2016 and ending January 31, 2017. The determination letter program for individually designed plans will remain in place only for new plans, terminating plans or in special circumstances provided in future IRS guidance.

Transition Period: Currently, the remedial amendment period for disqualifying provisions extends to the end of a plan's applicable remedial amendment cycle. Due to the elimination of the 5-year cycles, this extension will no longer be available after December 31, 2016. However, it is expected that the remedial amendment period for individually designed plans will be extended to at least December 31, 2017.

Immediate Elimination of Off-Cycle Determination Letter Applications: Effective July 21, 2015 through December 31, 2016, the IRS will no longer accept off-cycle determination letter applications, except for new and terminating plans.