

News

Ashner Talks 403(b) Plan Determination Letters With PLANADVISER

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PUBLISHED

11/08/2022

SOURCE

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Groom associate [David Ashner](#) spoke to *PLANADVISER* for their article, “IRS to Permit Determination and Termination Letters for 403(b) Plans,” on the IRS’s recent [Revenue Procedure 2022-40](#) which announced that, come June 2023, the IRS will begin allowing 403(b) plan sponsors to request determination or termination letters for individually designed retirement plans.

In the article, *PLANADVISER* recounted Ashner’s point that “individually designed 403(b) plans could not get formal approval from the IRS prior to this change.” The article continued, noting that Ashner added that “many 403(b) sponsors are institutions such as universities which often have highly unique plans that go back decades. This change is something that 403(b) sponsors have wanted for a long time, and there should “be a lot of interest” in acquiring determination letters.”

The article recounted Ashner’s explanation “that the change also allows 403(b) sponsors to apply for determination letters when terminating a 403(b) plan. This allows them to get approval from the IRS to close out a plan properly.” Though rare, added *PLANADVISER*, Ashner said “that if a plan is terminated and the IRS later determines that the plan was not qualified, then the sponsor as well as the participants could face onerous tax consequences because the plan would no longer be considered tax advantaged.”

To read the article, [click here](#).