

Publications

# Cash Balance Plan Regulations Address Many Knotty Issues

**PUBLISHED**

12/15/2010

**SERVICES**

Internal Revenue Service and Treasury Department recently issued much anticipated final and proposed regulations relating to cash balance and other hybrid plans. The regulations interpret many of the new rules for cash balance and other hybrid plans that were enacted in the Pension Protection Act of 2006 (Pub. L. No. 109-280). The final regulations generally incorporate the transitional guidance provided under Notice 2007-6 and generally follow the 2007 proposed regulations. The October 2010 proposed regulations focus on a number of issues that were left unaddressed in the 2007 proposed regulations.

Together, the regulations interpret the primary changes made by PPA related to:

- general age discrimination rules,
  - market-rate-of-return limits for interest credits,
  - anti-wear-away protections for plan conversions,
  - three-year vesting, and
  - elimination of whipsaw and other distribution valuation rules.
- Please see the attached article for further discussion of these issues.