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IRS Issues New Guidance on Plan (and IRA) Distributions

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PUBLISHED

08/21/2015

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Journal of Pension Benefits

It was five years in the making, and the IRS issued Notice 2014-54 and proposed regulations [79 Fed. Reg. 56310 (Sept. 19, 2014)] that support the benefits community's long-standing interpretation of Section 402(c)(2) of the Internal Revenue Code of 1986, as amended (the Code) permitting direct rollovers of plan distributions to be treated as a single distribution, with pre-tax amounts being rolled first.

This guidance confirms that a participant may direct the pre-tax portion of their distribution to a traditional IRA, and the after-tax portion of their distribution to be paid to themselves or a Roth IRA tax-free. Please see the attached article for further information.

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