

Publications

IRS Overhauls Group Trust Guidance

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SERVICES

For several years now, the IRS has had on its “to do” list an update of its guidance on when unrelated retirement plans can pool their assets for investment purposes in a group trust without adversely affecting the tax-exempt status of any of the participating plans. This guidance is important for both financial institutions that offer collective trust investments to their clients and to plan sponsors that want access to sophisticated or lower cost investments that might not otherwise be available based on the amount of assets in their own plans.

New IRS Revenue Ruling 2011-1 (“the Ruling,” to be published in the January 10 IRS Bulletin) continues the pattern of gradually expanding the types of entities that can invest in group trusts if the applicable requirements are met. We summarize the new guidance – the first overhaul of the area in 30 years – in the attached memo.