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Publications

Use of Forfeitures Getting Class-Action Attention

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The Internal Revenue Service ("IRS") has long been in charge of setting forth rules for the timing and use of forfeitures in a defined contribution plan. Recently, in fact, the IRS has issued proposed regulations to clarify these rules, which are to be effective in 2024. So, the timing of recent class-action lawsuits filed against 401(k) plans for their use of forfeitures to reduce employer contributions is rather interesting.

In this *TAXES – The Tax Magazine* article, "Use of Forfeitures Getting Class-Action Attention," Groom principals Elizabeth Dold and David Levine summarize the rules and regulations around the use of forfeitures in a defined contribution plan, a review of the class action filings, and action steps for plan sponsors to consider if they are charging participant accounts to help cover plan expenses.

To read the article, click here.