

# Extension of Nondiscrimination Relief to Certain Closed Defined Benefit Plans



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The Internal Revenue Service (IRS) recently extended the temporary nondiscrimination relief for closed defined benefit plans. This [extended relief](#) is intended to enable closed pension plans (defined as pension plans that have been closed to new participants but continue to provide ongoing benefit accruals for certain participants) to more easily satisfy certain nondiscrimination testing requirements. In most cases where the relief applies, the closed defined benefit plan is aggregated with a defined contribution plan to satisfy the nondiscrimination testing requirements, and the relief assists the aggregated plan in passing nondiscrimination requirements that apply to accrued benefits and to certain rights and features relating to those benefits.

The original nondiscrimination testing relief for closed pension plans was provided several years ago in an earlier [IRS Notice](#). This relief was already extended on two prior occasions, and the recent IRS Notice further extends the relief until the end of plan years that begin before 2019, as long as the conditions of the original IRS Notice continue to be satisfied. In 2018, the IRS also intends to issue final regulations under Section 401(a)(4) of the tax code that address the nondiscrimination requirements for closed pension plans. Until then, the IRS indicated that plan sponsors can still rely on the proposed 2016 IRS regulations

under Section 401(a)(4) for plan years that begin before 2019.

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