



### **Pension Bill Technical Corrections Key Provisions**

1. Allows underfunded plans to pay lump sum payments of up to \$5,000 (cashout amounts) even if the plan is otherwise subject to lump sum limitations.
2. Clarifies that if employer contributions to defined contribution plans are less than 6% of compensation, the defined benefit plan is not subject to the overall combined plan deduction limit. If defined contributions exceed 6% of compensation, only defined contributions in excess of 6% are counted toward the overall limit. Treasury anticipated this technical correction in earlier guidance.
3. Allows rollover from a Roth designated account in a tax-qualified plan or tax-shelter annuity to a Roth IRA regardless of income.
4. Requires plans to allow nonspouse rollovers effective for plan years beginning after December 31, 2009.
5. Repeals the requirement that plans with automatic contribution arrangements meet the DOL's QDIA requirements in order to permit permissive withdrawals. Permissive withdrawals are disregarded for purposes of applying the 402(g) limit (limit on employee deferrals).
6. Provides that in the case of distribution of excess contributions (or excess aggregate contributions) plus income in order to pass nondiscrimination testing, the income that must be distributed is only through the end of the year for which the distribution is made (no gap period income).