S. 1974 – Pension Protection Technical Correction Act of 2007

Highlights

Major concerns addressed in the Pension Protection Technical Correction Act of 2007 include:

- The 2008 transition rule for determining at-risk status applies to both the 70% and 80% prongs.
- Lump sums of $5,000 or less can be paid, even if an underfunded plan is otherwise prohibited from paying lump sums.
- If a multiemployer plan is in critical status, the restriction on accelerated forms of payment only applies to participants whose payments begin after notice of the restriction is provided.
- Fiduciary relief that is currently available during a “blackout period” (which spans three consecutive days or more) is also extended to periods of less than three consecutive days.
- For applicable defined benefit (hybrid) plans:
    - The new vesting rules for hybrid plans are effective on the basis of plan years and apply to participants with an hour of service after the applicable effective date for the plan.
    - The new interest crediting rules for hybrid plans in existence on June 29, 2005 apply to years beginning after December 31, 2007, unless the sponsor elects to apply the rules earlier.
    - The vesting and interest crediting rules that apply to collectively bargained plans do not apply to plan years beginning before the earlier of: (1) (a) the later of January 1, 2008 or (b) the termination of the collective bargaining agreement; or (2) January 1, 2010.
- The combined plan deduction limit for defined benefit and defined contribution plans does not apply to the defined benefit plan if contributions to the defined contribution plan are no more than 6% of compensation. If these contributions are more than 6% of compensation, only contributions in excess of 6% count toward the deduction limit.
- All plans must permit rollovers out of the plan for non-spousal beneficiaries.
- The exclusion for up to $3,000 of health insurance premiums for retired public safety officers applies to self-funded arrangements.
- Permissible withdrawals for employees opting out of automatic enrollment arrangements after the first contribution has been withheld are also available for SIMPLE IRAs and SARSEPS.