

Additional Nondiscrimination Relief for Closed Defined Benefit Plans Through 2020

November 27, 2019

In Notice 2019-60, the IRS granted additional nondiscrimination relief for certain “closed” defined benefit plans (i.e., plans frozen as to new participants before December 13, 2013, but that provide ongoing benefit accruals for existing participants). This relief is in addition to the relief originally provided in Notice 2014-5, which permits employers who sponsor both a “closed” defined benefit plan and a defined contribution plan to demonstrate that the aggregated plans comply with the nondiscrimination requirements of Code Section 401(a)(4) on the basis of equivalent benefits, even if the aggregated plans do not satisfy the current conditions for testing on that basis.

The new nondiscrimination relief provides that these closed defined benefit plans will also be deemed to satisfy the nondiscrimination requirements that relate to plan benefits, rights, and features (such as optional forms of benefits and certain ancillary benefits) that were provided under the plan at the time it was frozen, if either (i) no plan amendments were adopted after January 29, 2016 that expand or restrict eligibility for such benefits, rights, or features or (ii) if such an amendment was adopted, the ratio percentage of employees eligible for the modified benefit, right, or feature is no less than the percentage eligible before the amendment.

Notice 2014-5 is available [here](#), and Notice 2019-60 is available [here](#).