

Guidelines Regarding Determination Letter Requests by Pension Equity Plans

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The IRS issued guidelines for determination letter applications for pension equity plans. A pension equity plan (PEP) is a type of hybrid pension plan under which the benefit is expressed as a lump-sum amount rather than as an annuity payable at normal retirement age. The PEP Determinations Worksheet and Explanation of PEP Plan Issues, which are for use by IRS employees in processing determination letter requests, explain issues unique to PEPs that affect plan documents. An IRS Field Directive to IRS employees contains a number of sample provisions that would satisfy the requirement for the plan document to include language that ensures a participant's accrued benefit will not be reduced on account of any increase in age or service. Links to all three documents can be found on the updated [IRS webpage](#).