IRS Issues Guidance on Special Funding and Benefit Limitation Rules under the CARES Act

August 18, 2020

The IRS recently issued Notice 2020-61 (the ?ÃÂ£***Notice***?ÃÂ¥) containing 18 questions and answers that provide helpful guidance for sponsors of single-employer defined benefit pension plans regarding Section 3608 of the Coronavirus Aid, Relief, and Economic Security Act (the ?ÃÂ£***CARES Act***?ÃÂ¥). Section 3608 of the CARES Act delays the due date for ?ÃÂ£minimum required contributions?ÃÂ¥ otherwise due during calendar year 2020 until January 1, 2021. In addition, it allows plan sponsors to use the plan?ÃÃs adjusted funding target attainment percentage (?ÃÂ£***AFTAP?ÃÂ¥***) for the last plan year ending before January 1, 2020, for plan years that include calendar year 2020. The Notice addresses issues related to the deadline extension for minimum required contributions under the CARES Act, including how the contributions are to be adjusted for interest. The Notice also discusses issues related to the use of the prior year AFTAP for benefit limitations. Plan sponsors should consult with their benefits counsel and their plan?ÃÃs actuaries to discuss the impact of the Notice on their plans. The Notice is available **here**.

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