

IRS Issues PLRs Permitting Retirees in Pay Status to Change Election to Lump Sum

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The U.S. Internal Revenue Service (IRS) issued two private letter rulings regarding whether it would be permissible to amend a pension plan to include a lump sum election window for participants who were already in pay status. In one case, the window period was from 30 to 60 days. In the other case, the window period was from 60 to 90 days. In both cases, the IRS determined that although the window period would result in a modification to the payment period and an increase in the payment amount, the window period was permissible under the minimum distribution rules because the modification and increase would result from a plan amendment, as permitted under the regulations. One of the rulings also addressed the impact of the lump sum payments on the plan-specific mortality table. IRS Priv. Let. Rul. 201228045 can be accessed [here](#) and IRS Priv. Let. Rul. 201228051 can be accessed [here](#).