

IRS Provides Guidance on Rollovers from Defined Contribution Plans to Defined Benefit Plans to Obtain Annuities

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In Revenue Ruling 2012-4, the IRS provided guidance for employers that sponsor both a defined contribution plan and a defined benefit plan to allow participants in the defined contribution plan to roll over amounts from that plan to the defined benefit plan in exchange for an annuity from the defined benefit plan. Under the ruling, the defined benefit plan does not violate Code sections 411 or 415 if the plan provides an annuity using actuarial factors that are at least as favorable as the applicable interest rate and mortality table under Code section 417(e). The rolled over amounts must be nonforfeitable and the defined benefit plan must not be permitted to accept rollovers if the plan's adjusted funding target attainment percentage drops below 60 percent. A copy of the Revenue Ruling can be found [here](#).