

IRS Releases Guidance on Qualified Retirement Plan Distributions

October 1, 2014

The IRS released proposed regulations that nullify the rule regarding allocation of amounts distributed out of designated Roth accounts to multiple destinations. Under the current rule, a distribution from a designated Roth account in a direct rollover is treated as a separate distribution from any amount paid directly to the participant. The proposed regulations eliminate this rule for distributions made on or after January 1, 2015 (or on an earlier date chosen by the participant that is on or after September 18, 2014). The proposed regulations were issued concurrently with Notice 2014-54, which permits plan participants to allocate after-tax and pre-tax amounts among multiple destinations when the funds are simultaneously dispersed from a qualified retirement plan. The proposed regulations can be found [here](#). A copy of IRS Notice 2014-54 is available [here](#).