

## IRS Releases Revenue Ruling Addressing Application of QJSA and QPSA Rules for Deferred Annuity Contracts under a Profit-Sharing Plan

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In Revenue Ruling 2012-3, the IRS describes the application of the qualified joint and survivor annuity ("QJSA") and qualified preretirement survivor annuity ("QPSA") rules in the context of a deferred annuity contract purchased under a profit-sharing plan which absent the purchase of a deferred annuity contract would not otherwise be subject to the QJSA or QPSA rules. The Revenue Ruling sets forth three scenarios involving a profit-sharing plan that offers a deferred annuity contract with varying election options and discusses whether each of the scenarios qualifies for the exception under Code Section 401(a)(11)(B)(iii) from the application of the QJSA and QPSA requirements and when such exception is lost with respect to a participant under certain scenarios. This is part of the lifetime annuity initiative from the IRS and Treasury to encourage annuitization of plan benefits, yet adding the annuitization to a profit sharing plan that is otherwise exempt from the QJSA and QPSA rules will require the plan sponsor to add notifications and obtain spousal consent in a number of situations. While the ruling does not mention qualified optional survivor annuities ("QOSA"), once the QJSA requirement is triggered for a plan, the QOSA requirement is also triggered. Revenue Ruling 2012-3 can be found [here](#).