

## New IRS Guidance Permits Use of Forfeitures to Fund Safe Harbor Contributions, QNECs, and QMACs

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On January 18, 2017, the IRS published proposed amendments to regulations under Section 401(k) of the Internal Revenue Code, which would permit the use of forfeitures to fund safe harbor contributions, qualified non-elective contributions (QNECs), and qualified matching contributions (QMACs). Existing regulations provide that employer contributions may only qualify as safe harbor contributions, QNECs, or QMACs if they are non-forfeitable and not eligible for early distribution *at the time they are contributed to the plan*. The proposed regulations, which may be relied upon currently, would instead require that safe harbor contributions, QNECs, and QMACs be non-forfeitable and not eligible for early distribution *at the time they are allocated to participants' accounts*. [View the proposed regulations](#).