



Law & Policy Group

GRIST

Third remedial amendment cycle dates set for preapproved DC plans

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IRS expects to issue opinion letters starting June 30 for preapproved defined contribution (DC) plans for the third remedial amendment cycle, according to [Announcement 2020-7](#). Employers will have until July 31, 2022, to adopt a newly approved plan. These dates don't apply to preapproved defined benefit and 403(b) plans, which have their own remedial amendment cycles.

Preapproved plan process

Preapproved plans are subject to six-year remedial amendment cycles. Early in each cycle, preapproved plan providers can apply for opinion letters on documents updated for changes in the qualification requirements. Once IRS issues opinion letters approving the documents, providers can make their plans available for employers to adopt during a window announced by IRS (usually about two years). Timely adoption allows an employer to rely on the provider's opinion letter for the applicable cycle as if the opinion letter were the sponsor's own determination letter (DL). Employers that modify the preapproved document lose reliance on the provider's opinion letter but may be able to seek a DL.

Preapproved plan program. In 2017, IRS revamped the opinion letter program for preapproved plans, eliminating the old master and prototype (M&P) and volume submitter (VS) terminology. The program simply uses the term "preapproved plans" for all plan types. Standardized plans comprise only safe harbor provisions and cannot be modified by the adopting employer, while nonstandardized plans do not have to be safe harbor and can be modified slightly. Both types of plans can still have a single plan document or offer a basic plan document with an adoption agreement.

Third remedial amendment cycle for DC plans

The third remedial amendment cycle for preapproved DC plans will end on Jan. 31, 2023. Opinion letters for the third cycle cover changes to the qualification requirements on the 2017 Cumulative List in [Notice](#)

Third remedial amendment cycle dates set for preapproved DC plans

[2017-37](#). After IRS sends opinion letters to preapproved plan providers — expected to start June 30 — the agency will post a list of available preapproved plans on its [website](#). Employers will then have from Aug. 1, 2020, to July 31, 2022, to adopt a newly approved document.

DL applications. An adopting employer can rely on the provider’s opinion letter if the employer makes no changes or only specified minor ones that don’t cause the plan to fail to be identical to the provider’s document (such as changing a provision’s effective date or adopting certain IRS model amendments). Employers making other changes will lose reliance on the opinion letter but can request a DL in some circumstances by submitting:

- [Form 5307](#) for certain limited modifications to a nonstandardized plan
- [Form 5300](#) for modifications that turn the preapproved plan into an individually designed plan or for other specified cases (such as any request regarding a nonstandardized multiple-employer plan).

IRS will accept DL applications for the third six-year cycle between Aug. 1, 2020, and July 31, 2022.

Related resources

Non-Mercer resources

- [Announcement 2020-7](#) (IRS, June 1, 2020)
- [Rev. Proc. 2020-4](#) (IRS, Jan. 2, 2020)
- [Rev. Proc. 2017-41](#) (IRS, June 30, 2017)
- [Rev. Proc. 2016-37](#) (IRS, June 29, 2016)

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- [2020 procedures for determination letters, other advice now available](#) (Jan. 9, 2020)

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