

American Society of Pension Professionals & Actuaries / National Tax Sheltered Accounts Association

**FOR IMMEDIATE RELEASE**  
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## **ASPPA & NTSAA REQUEST GUIDANCE ON 403(b) PLAN TERMINATIONS**

*Clarification will serve both employers and plan participants*

**ARLINGTON, VA, (June 22, 2010)** –*The following is a statement of Craig P. Hoffman, General Counsel and Director of Regulatory Affairs at the American Society of Pension Professionals & Actuaries (ASPPA) requesting clarification of the Internal Revenue Service's (IRS) rules governing the termination of an IRC §403(b) plan.*

"Today, in a joint comment letter filed with the Acting Director of the IRS Employee Plans Division, Andrew Zuckerman, the American Society of Pension Professionals & Actuaries (ASPPA) and the National Tax Sheltered Accounts Association (NTSAA) requested clarifying guidance relating to the termination of a 403(b) plan.

There is much confusion among practitioners regarding what exactly qualifies as a liquidating 'termination distribution' for a 403(b) plan. Unfortunately, there's been a recent uptick in plan terminations—making a timely resolution of this issue even more important.

Under current regulations, it is not clear when an individual contract or custodial account is considered 'distributed' for plan termination purposes—as a result many plans who wish to terminate remain in limbo. This leaves participants waiting for their money. The absence of formal guidance has only served to complicate the situation. ASPPA and NTSAA practitioners respectfully request a resolution so that they can assist employers in properly fulfilling their responsibilities.

Our joint comment letter offers several common examples of 'distributions' made at the termination of a 403(b) plan. We believe that the distributions described each example should be recognized as non-taxable liquidating termination distributions of plan assets. We look forward to further clarification and confirmation from the IRS."

The joint ASPPA NTSAA comment letter is available [here](#).

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The **American Society of Pension Professionals & Actuaries (ASPPA)** is a national organization of more than 6,500 retirement plan and benefits professionals that serves as the educator, voice, and advocate for the employer-based retirement system. ASPPA members are administrators, actuaries, advisors, attorneys, accountants, and other financial services professionals who provide consulting and administrative services for qualified retirement plans. ASPPA is based in Arlington, Virginia, and has 17 regional ASPPA benefits councils (ABCs) providing local retirement plan employee benefit professionals with opportunities to participate in ASPPA activities in their local communities. [www.asppa.org](http://www.asppa.org)

The **National Tax Sheltered Accounts Association (NTSAA)** is the only independent, non-profit association dedicated to the 403(b) and 457 marketplaces in the nation and represents practitioners, agencies, corporate, and employer members. The NTSAA mission is to provide members with high quality education, technical support, and information resources, as well as to offer a professional networking forum. For more information, visit [www.ntsaa.org](http://www.ntsaa.org).