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IRS Follows ASPPA's Lead on Match Suspension Safe Harbor

The IRS has good news for employers worried about cutting their 401(k) matches while keeping their plans alive. In February ASPPA asked the tax collectors to let employers with safe harbor three-percent nonelective contribution plans to cut out their matches without having to shut their plans down (see The 401kWire, 2/20/2009), and now Money Management Executive reports that the IRS has proposed a safe harbor for employers who cut their 401(k) matches when "experiencing substantial business hardship."

"Times are tough," ASPPA executive director and CEO Brian Graff told The 401kWire earlier this year. "We don't want people to shut the plans down."

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