DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

July 17, 2017

Number: **2017-0021**
Release Date: 9/29/2017

CC:TEGE:EB:QP4

UIL: 402.08-00

CONEX-121075-17

The Honorable Bob Corker
United States Senator
10 West M.L. King Boulevard, 6th Floor
Chattanooga, TN 37402

Attention:

Dear Senator Corker:

I am responding to your email dated June 26, 2017, on behalf of your constituent, who requested information on the Pension Protection Act of 2006, Public Law 109-280 (PPA). Specifically, asked how PPA affected his ability to transfer his deceased mother's benefits in her former employer's retirement plan to an individual retirement account (IRA).

Section 829 of PPA added Section 402(c)(11) to the Internal Revenue Code (Code), effective for distributions made after 2006. Under Code Section 402(c)(11), a designated beneficiary of a deceased employee who was a plan participant must be offered the opportunity to transfer to an IRA the deceased employee's benefits under the plan. Code Section 401(a)(9)(E) defines a "designated beneficiary" as "any individual designated as a beneficiary by the employee."

However, Section 402(c)(11) does not apply to a designated beneficiary who is a surviving spouse of an employee or to a beneficiary of a designated beneficiary. For example, if the designated beneficiary of a deceased employee is the employee's oldest son, under Section 402(c)(11) the deceased employee's benefits under a plan may be transferred to an IRA on behalf of the son. If that son died, naming his younger brother as entitled to the remaining benefits under the plan, the younger brother could not transfer the remaining benefits to an IRA because he is not a designated beneficiary of the deceased employee.

I hope this information is helpful. If you have additional questions, please call me
or   at   .

Sincerely,

Joyce Kahn
Acting Branch Chief, Qualified Plans Branch 4
(Employee Benefits)
(Tax Exempt and Government Entities)