

# CORBCO, Inc.

## **PPA RESTATEMENT OVERVIEW**

The IRS requires that employers using a prototype or volume submitter document defined contribution plan restate their plan every six years to incorporate changes made to the governing tax laws and regulations.

The PPA restatement will update your current EGTRRA document to include the following amendments adopted since 2008:

- \* the Final 415 regulations
- \* the Pension Protection Act (PPA)
- \* the Heroes Earnings Assistance and Relief Tax Act (HEART) and
- \* the Worker, Retiree, and Employer Recovery Act (WRERA).

### Summary of PPA Changes

1. Final 415 Regulations. This updated the definition of compensation that can be used for contribution limits to the plan.
2. PPA. Pension Protection Act of 2006 (PPA) contained numerous retirement document updates such as automatic enrollment, non-spouse beneficiary rollovers, accelerated vesting.
3. HEART Act. Heroes' Earnings Assistance and Relief Tax Act of 2008 updated qualified plan rights of those serving in the military, including death/disability benefits and treatment of differential wage payments.
4. WRERA. Worker, Retiree and Employer Recovery Act of 2008 included elimination of gap-period income on refunds of excess deferrals and optional provisions related to automatic contribution arrangements, waiver of 2009 RMDs and PPA technical corrections.

What About DOMA? On June 26, 2013, the Supreme Court ruled that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional. Section 3 defined marriage as a legal union between one man and one woman as husband and wife. Spouse only referred to a person of the opposite sex of a husband or wife.

Effective September 16, 2013, both the Department of Labor (DOL) and the IRS have both announced that “spouse” now refers to any individuals who were legally married under the laws of a state or foreign jurisdiction, regardless of sex and regardless of current domicile. In addition, the definition of “marriage” will not include same sex unions that are not marriages (such as civil unions, domestic partnerships or other similar relationships recognized under state laws). Therefore, marriages are recognized based on where the ceremony occurred. These changes affect every tax qualified plan.

Take note that your plan documents never defined spouse and therefore, did not require any amendment. However, the Plan is required to implement the operational changes dictated by the repeal of DOMA. No guidance has been issued to date addressing any retroactive application of this ruling.