

March 2021

## IRS Relief for Oklahoma Severe Winter Storm

On February 25, 2021, the Internal Revenue Service (IRS) announced extended deadlines for certain time-sensitive actions to taxpayers whose primary residence or place of business is in the disaster area which applies to all counties in Oklahoma. The relief extends deadlines for certain actions that are otherwise due to be performed between February 8, 2021 and June 14, 2021, and sets the new due date for those actions as June 15, 2021. The IRS has the authority to grant these extensions pursuant to the February 24, 2021 presidential declaration of an emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The full list of deadlines that have been extended is included in [Rev. Proc. 2018-58](#).

### **Retirement plan transactions covered by the IRS extension of time**

The following provides a summary of the key retirement plan action deadlines extended to June 15, 2021 under this IRS guidance:

#### **Loan Repayments:**

The due dates for making plan loan repayments for plan participants in 401(a), 401(k), 403(b), and governmental 457(b) plans has been extended. For payments originally due from February 8, 2021 to June 14, 2021, the due dates may be extended to June 15, 2021 at the employer's discretion.

**Corrective distribution of excess deferrals from a 401(k) or 403(b) plan:** Excess deferrals and attributable earnings ordinarily must be distributed from a plan by April 15 following the year in which the deferral was made. Such a corrective distribution is extended to June 15, 2021.

**Corrective distribution of excess contribution amounts following a failed ADP test of a 401(k) plan:** Ordinarily, excess contributions following a failed ADP test must be distributed by the end of the plan year following the plan year in which the deferrals were made to correct a 401(k) plan's failed ADP test. If a corrective distribution was required to be made between February 8, 2021 and June 14, 2021, the due date is extended to June 15, 2021.

**Corrective distribution of excess aggregate contribution amounts following a failed ACP test from 401(a), 401(k) and ERISA 403(b) plans:** Excess aggregate contribution amounts and attributable earnings ordinarily must be distributed by the end of the plan year following the plan year in which matching contributions and/or employee non-Roth after-tax contributions were made. If a corrective distribution was required to be made between February 8, 2021 and June 14, 2021, the due date is extended to June 15, 2021.

**Indirect rollovers:** Eligible amounts distributed from a 401, 403(b) or governmental 457(b) plan must be rolled over to another eligible retirement plan no later than 60 days from receipt of the rollover eligible distribution. The extension permits rollover eligible distributions received between December 8, 2020 and April 14, 2021 to be indirectly rolled over until June 15, 2021 without regard to the normal 60-day limitation.

**Withdrawal from an Eligible Automatic Contribution Arrangement (EACA)**: Ordinarily, a participant whose contributions become subject to an EACA may elect to take a withdrawal from that EACA within 90 days of the date that the participant first became subject to the EACA. The extension permits such a participant to elect a withdrawal from an EACA by June 15, 2021.

**IRS Form 5500 (annual return/annual report of employee benefit plan) for 401(a), 401(k) and ERISA 403(b) plans**: Ordinarily IRS Form 5500 Annual Return/Annual Report must be filed by the last day of the seventh month following the close of the plan year. If a Form 5500 was required to be filed between February 8, 2021 and June 14, 2021, the due date is extended to June 15, 2021. (Note that, to date, the IRS has not provided relief for the Form 5500 for calendar year plan years ending December 31, 2020. Absent additional relief, the deadline for Form 5500 Annual Return/Annual Report returns for calendar year plans remains July 31, 2021).

**Deductible contributions for 401(a) and 401(k) plans**: The deadline for a for-profit employer to make deductible contributions is ordinarily not later than the due date for the employer's filing of its federal tax return. If the employer's federal tax return filing date was between February 8, 2021 and June 14, 2021, the deductible contribution period is extended to June 15, 2021.

**Self-correction of operational defects under the IRS Employee Plans Compliance Resolution System (EPCRS)**: Ordinarily, most operational defects must be corrected by the last day of the second plan year following the plan year in which the failure occurred. If the correction period would have ended between February 8, 2021 and June 14, 2021, the correction period date is extended to June 15, 2021.

**Substantially equal periodic payments**: Periodic payments that are substantially equal satisfy an exception to the IRS 10% premature distribution penalty tax, provided that they are made at least annually over the employee's life/life expectancy (or, if applicable, over the joint lives/joint life expectancies of the employee and designated beneficiary). To the extent that payments are delayed between February 8, 2021 and June 15, 2021, the exception to the IRS 10% premature distribution penalty tax will still apply.

## **IRA transactions covered by the IRS extension of time**

The following IRA deadlines have been extended to June 15, 2021:

**IRA contributions attributable to 2020 tax year**: Ordinarily, individuals must contribute to their traditional and Roth IRA contributions for the 2020 tax year by the due date (without regard to extensions) for filing the 2020 federal individual income tax return (i.e., April 15, 2021). Contributions attributable to the 2020 tax year can be made until June 15, 2021.

**Indirect rollovers**: Eligible amounts distributed from a traditional or Roth IRA must be rolled over to another eligible retirement plan no later than 60 days from receipt of the rollover eligible distribution. The extension permits rollover eligible distributions received between December 8, 2020 and April 14, 2021 to be indirectly rolled over until June 15, 2021 without regard to the normal 60-day limitation.

**Corrective distribution of excess contribution to IRAs:** Ordinarily, excess IRA contributions (including attributable earnings) must be distributed by the due date (including any extensions) for filing the individual's federal individual income tax return. The correction due date is extended to June 15, 2021.

**IRS Form 5498 (IRA Contribution Information):** IRS Form 5498 normally must be filed by the IRA vendor with the IRS and sent to the IRA account owner by June 1 following the year in which IRA contributions were made for each individual for whom the vendor maintains an IRA. The filing due date is extended to June 15, 2021.

**Recharacterization of IRA Contributions:** The regular deadline for recharacterizing a nonrollover contribution made to a Roth IRA or to a traditional IRA as having been made to the traditional IRA is the due date (including any extensions) for filing the individual's federal individual income tax return. If the recharacterization would have been required by April 15, 2021, the recharacterization deadline is extended to June 15, 2021.

**SIMPLE IRA Deductible Contributions:** Ordinarily, a for-profit employer must make deductible contributions to its SIMPLE IRA plan no later than the employer's federal tax return filing date. If the date for making the deductible contributions would have ended between February 8, 2021 and June 14, 2021, the deductible contribution period is extended to June 15, 2021.

**Substantially Equal Periodic Payments:** Periodic payments that are substantially equal satisfy an exception to the IRS 10% premature distribution penalty tax, provided that they are made at least annually over the employee's life/life expectancy (or, if applicable, over the joint lives/joint life expectancies of the employee and designated beneficiary). To the extent that payments are delayed between February 8, 2021 and June 15, 2021, the exception to the IRS 10% premature distribution penalty tax will still apply.

**Plans under IRS audit:**

The IRS recognizes that, both IRS employees and plan sponsors may be unable to access documents, systems or other resources necessary to timely perform an audit of an employer's retirement plan. This IRS extension sets forth relief available for that circumstance.

Voya continues to monitor guidance impacting retirement plans.

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