

[4830-01-P]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9280]

RIN 1545-BE10

Section 411(d)(6) Protected Benefits; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to final regulations that were published in the **Federal Register** on August 9, 2006 (71 FR 45379) that provide certain issues under section 411(d)(6) of the Internal Revenue Code (Code), including the interaction between the anti-cutback rules of section 411(d)(6) and the nonforfeitability requirements of section 411(a).

EFFECTIVE DATE: This correction is effective August 9, 2006.

FOR FURTHER INFORMATION CONTACT: Pamela R. Kinard, at (202) 622-6060 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under section 411(d)(6) of the Internal Revenue Code.

Need for Correction

As published, the final regulations (TD 9280), contain errors that may prove to

be misleading and are in need of clarification.

List of Subjects 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Correction of Publication

Accordingly, 26 CFR Part 1 is corrected by making the following correcting amendment:

PART 1-INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C 7805 * * *

§1.411(D)-3 [Corrected]

Par. 3 Section 1.411(d)-3 is amended by revising paragraph (3) to read as follows:

§ 1.411(d)-3 Section 411 (d)(6) protected benefits.

(a) * * *

(3) * * * However, such an amendment does not violate section 411(d)(6) to the extent it applies with respect to benefits that accrued after the applicable amendment date.

(4) * * *

(ii) * * *

(B) * * *

(ii) * * * A method of avoiding a section 411 (d)(6) violation with respect to account balances attributable to benefits accrued as of the applicable amendment date and earnings thereon would be for Plan D to provide for the vested percentage of G and each other participant in Plan E to be no less than the greater of the vesting percentages under the two vesting schedules (for example, for G and each other participant in Plan E to be 20% vested upon completion of 3 years of service, 40%

vested upon completion of 4 years of service, and fully vested upon completion of 5 years of service) for those account balances and earnings.

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