

## IRS PLR Opens New Flexibility in Employee Benefits Plans

Earlier this year, the IRS issued guidance via [Private Letter Ruling 202434006](#), which highlights significant flexibility for employers in structuring its benefit plans. The ruling paves the way for employers to offer tailored benefits packages that cater to individual employee preferences, fostering a more customized and supportive work environment.

Key takeaways for your clients include:

**Customizable Employer Contributions:** Employers can now provide employees the option to allocate a discretionary contribution (up to a set limit) across multiple benefits programs, including:

- 401(k) Plans
- Retiree Health Reimbursement Arrangements (HRA)
- Health Savings Accounts (HSA)
- Educational Assistance Programs (including student loan repayment)

**Irrevocable Annual Elections:** Under the program, employees would make an annual irrevocable election on how they wish to allocate the employer contribution, providing flexibility without impacting the tax-favored status of these benefits and allowing employees the ability to change their election as their personal needs change.



**by Kelsey Mayo, Partner, Poyner Spruill**  
Kelsey's practice is focused in the areas of Employee Benefits and Executive Compensation. She works with business owners and HR executives to understand and manage employee benefits and executive compensation arrangements. She routinely represents clients before the Internal Revenue Service, Department of Labor, and Pension Benefit Guarantee Corporation and has extensive experience in virtually all aspects of employee benefit plans and executive compensation arrangements.

**Non-Taxable Benefit Flexibility:** This ruling confirms that the election doesn't compromise the tax-advantaged status of the selected programs, and the amounts would not be treated as a 401(k) deferral (but rather would be treated as an employer contribution).

**Tailoring to Individual Needs:** The ability to direct contributions across multiple benefit programs allows employers to offer a benefits package that better meets the individual needs of employees, whether they prioritize retirement savings, healthcare, or educational assistance.

This ruling provides a strategic opportunity for employers to enhance their benefits packages, offering more personalized and meaningful support to employees while maintaining compliance with IRS regulations. As many employers may be intrigued by this idea, now is a great time to coordinate with your TPA partner to discuss potential strategies for clients.

### Reminders

- **November 15, 2024:** For plans with a Form 5500 deadline extended because of a corporate tax filing extension, deadline to distribute summary annual reports to participants.
- **December 1, 2024:** Deadline to distribute annual safe harbor notices to plan participants. *(Note: falls on a Sunday this year.)*
- **December 1, 2024:** Deadline to distribute annual QDIA notice to plan participants, as well as annual automatic enrollment and default investment notices, which may be combined with the QDIA notice. *(Note: Falls on a Sunday this year.)*