New Rollover Rules For Participant Loans Can Help With Corporate Transactions

Articles February 27, 2019

When a company is sold and its retirement plan is terminated, an employee with an outstanding participant loan under the plan may have a problem. If the buyer and seller work together, the employee can be offered a choice to rollover the loan from the seller's plan to the buyer's plan. But what if buyer's plan won't accept rollovers of loans? In the past, the employee was required to either raise enough cash in 60 days to payoff the loan or be taxable for a defaulted loan. Because of a change made to the rollover rules, participants may have additional time to raise the cash necessary to payoff the outstanding loan. For additional information contact Ed Wodarczyk or click here.