

Publications

Vorys Benefits Brief: Updated Safe Harbor Explanations for Retirement Plan Eligible Rollover Distributions

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CLIENT ALERT | 2.3.2026

The IRS recently issued updated “safe harbor” model disclosures that can be used by retirement plan administrators with distribution election packages that permit eligible rollover distributions.

Background

An eligible rollover distribution is a payment from a qualified retirement plan (such as a 401(k), 403(b), or governmental 457(b) plan) that can be rolled over into another retirement account, such as an IRA or another employer’s qualified retirement plan. Section 402(f) of the Internal Revenue Code requires plan administrators to provide a “402(f) notice” to any recipient of an eligible rollover distribution, outlining available distribution options and the associated tax consequences.

The IRS has issued two updated safe harbor models that can be used to satisfy the 402(f) notice requirement: (1) a model for distributions **not from** a designated Roth account; and (2) a model for distributions **from** a designated Roth account. Both updated models are included in an appendix to IRS Notice 2026-13. Read IRS Notice 2026-13 here: [Safe Harbor Explanations – Eligible Rollover Distributions](#).

Key Takeaways

- The updated models incorporate recent legislative changes, including:
 - New exceptions to the 10% early withdrawal penalty, such as distributions for emergency personal expenses, domestic abuse victims, terminal illness, and qualified disaster recovery.
 - Increased ages for required minimum distributions.
 - Changes to the required minimum distribution rules for surviving spouses.
 - Elimination of required minimum distributions with respect to designated Roth accounts in a plan.

- Higher dollar limits for small, mandatory cash-outs.
- Changes to the rules relating to distributions from governmental plans for health and long-term care insurance.
- Rules for pension-linked emergency savings accounts.
- In response to recommendations from the Governmental Accountability Office, the updated models also include changes intended to make the 402(f) notice clearer and more concise.
- Plan administrators may use the updated models to satisfy the requirements of Section 402(f) of the Internal Revenue Code until the models are no longer accurate due to a change in law occurring after January 15, 2026.
- Plan administrators may customize the updated models to (i) omit any information that does not apply to the relevant plan and/or (ii) provide any additional information so long as the information is consistent with IRS rules.

Next Steps for Plan Administrators

Plan administrators may begin to use the updated safe harbor models immediately, and should take the following steps:

- Confirm with the plan's service providers to determine if they have already updated the 402(f) notice that is used by the plan.
- If the plan's 402(f) notice has not been updated, work with the plan's service providers to replace the current 402(f) notice with the updated safe harbor models (or a customized version of the notice to reflect specific features of the retirement plan) to demonstrate good faith compliance with IRS requirements.
- If the safe harbor models are not used, review current 402(f) notices to determine if any additional updates are needed to comply with changes in applicable law based on the new model notices. Any 402(f) notice must include the information required by Section 402(f) of the Internal Revenue Code and must be written in a manner designed to be easily understood.
- Monitor for future changes, as notices will need to be updated for any changes in law occurring after January 15, 2026.

Contact Legal Counsel

For questions or additional information about this Vorys Benefits Brief and its application, consult with legal counsel.