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[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9665]

RIN 1545-BG12

Tax Treatment of Qualified Retirement Plan Payment of Accident or Health Insurance Premiums; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendment.

SUMMARY: This document contains corrections to final regulations (TD 9665) that were published in the **Federal Register** on Monday, May 12, 2014 (79 FR 26838) clarifying the rules regarding the tax treatment of payments by qualified retirement plans for accident or health insurance. The final regulations set forth the general rule under section 402(a) that amounts held in a qualified plan that are used to pay accident or health insurance premiums are taxable distributions unless described in certain statutory exemptions. The final regulations do not extend this result to arrangements under which amounts are used to pay premiums for disability insurance that replaces retirement plan contributions in the event of a participant's disability. These regulations affect sponsors, administrators, participants, and beneficiaries of qualified retirement plans.

DATES: This correction is effective on **[INSERT DATE OF PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**, and is applicable May 12, 2014.

FOR FURTHER INFORMATION CONTACT: Michael P. Brewer or Lauson C. Green at (202) 317-6700 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

**Background**

The final regulations that are the subject of this document are under section 402(a) of the Internal Revenue Code.

**Need for Correction**

As published, final regulations (TD 9665) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects in 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 amendments:

**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 \* \* \*

Par. 2. In § 1.402(a)-1, the ninth sentence of paragraph (e)(6) Example 2. (i) is revised to read as follows:

§1.402(a)-1 Taxability of beneficiary under a trust which meets the requirements of section 401(a).

\* \* \* \* \*

(e) \* \* \*

(6) \* \* \*

Example 2. (i) \* \* \* During the period Participant Q is absent from employment due to disability, the insurer pays the trust the amount of the elective, matching, and non-elective employer profit-sharing contributions that would have been made to the trust with respect to Participant Q had Participant Q not been disabled. \* \* \*

\* \* \* \* \*

Martin V. Franks  
Chief, Publications and Regulations Branch  
Legal Processing Division  
Associate Chief Counsel  
(Procedure and Administration)

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