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## PRODUCT & SERVICE GUIDE

# IRS Allows Electronic Signatures for Retirement Plan Elections

For the period from Jan. 1, 2020, through Dec. 31, 2020, the individual may use an electronic system facilitating remote notarization if executed via live audio-video technology that otherwise satisfies the requirements of participant elections ...

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The IRS will temporarily allow certain retirement plan participants or beneficiaries who need to make participant elections the ability to make those changes remotely

via electronic signatures.

The change relates to signatures of the individual making the election that traditionally need to be witnessed in the physical presence of a plan representative or notary public, including a spousal consent (“the physical presence requirement”).

[Notice 2020-42](#) provides participants, beneficiaries, and administrators of qualified retirement plans and other tax-favored retirement arrangements with temporary relief from the physical presence requirement for any participant election (1) witnessed by a notary public in a state that permits remote notarization, or (2) witnessed by a plan representative using certain safeguards. The guidance accommodates local shutdowns and social distancing practices and is intended to facilitate the payment of coronavirus-related distributions and plan loans to qualified individuals, as permitted by the CARES Act.

Under the new IRS guidance, in the case of a participant election witnessed by a notary public, for the period from Jan. 1, 2020, through Dec. 31, 2020, the individual may use an electronic system facilitating remote notarization if executed via live audio-video technology that otherwise satisfies the requirements of participant elections and that is consistent with state law requirements that apply to the notary public. For the same period, in the case of a participant election witnessed by a plan representative, the individual may use an electronic system using live audio-video technology if the following requirements are satisfied:

1. The individual must be effectively able to access the electronic medium used to make the participant election;
2. The electronic system must be reasonably designed to preclude any person other than the appropriate individual from making the participant election;
3. The electronic system must provide the individual making the election with a reasonable opportunity to review, confirm, modify, or rescind the terms of the election before it becomes effective; and
4. The individual making the election, within a reasonable time, must receive confirmation of the election through either a written paper document or an electronic medium under a system that satisfies the applicable notice requirements.

Additional information about tax relief for those affected by the COVID-19 pandemic can be found on [IRS.gov](#).

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