Employee Benefits and Executive Compensation Alert
August 26, 2026

IRS Proposes Standardized Rollover Forms and Process to Facilitate Plan-to-Plan Transfers

The Internal Revenue Service ("IRS") recently released Notice 2026-49 (the "Notice"), proposing sample forms and a standardized five-step process for rollovers to eligible retirement plans under Section 324 of the SECURE 2.0 Act. The proposed process is intended to simplify, standardize, facilitate, and expedite rollovers by shifting toward standardized, electronic, plan-to-plan processing. Use of the sample forms and procedures is currently optional, and the Notice does not provide safe harbors for plans that adopt them.

Background

The rollover process has long lacked uniformity, and has been burdened with inefficiencies and delays relating to the use of paper checks. The Government Accountability Office ("GAO") reached similar conclusions in its 2013 and 2024 reports.[1] The Notice cites these concerns and explains that Section 324 of the SECURE 2.0 Act directed the Department of the Treasury ("Treasury") to develop and issue guidance in the form of sample forms (including relevant procedures and protocols).

The Notice complements the updated 402(f) safe harbor rollover notices issued earlier this year in Notice 2026-13, as discussed in our March 5, 2026 alert. While Notice 2026-13 updated the written explanations that plan administrators must provide to participants about their rollover options under Internal Revenue Code Section 402(f), the Notice addresses the mechanics of the rollover process itself. Together, these initiatives reflect Treasury's comprehensive effort to modernize and simplify the retirement plan rollover experience.

The Proposed Five-Step Process and Sample Forms

The Notice includes four sample forms and a proposed sequential five-step protocol for rollovers involving a distributing plan and a receiving plan. The forms are not intended to be used for IRA-to-IRA rollovers or transfers, but may be used for rollovers to or from an IRA.

- **Step 1**: the Participant submits a rollover request to the Receiving Plan using Form 1 (Participant's Rollover Request), including an executed Participant's Rollover Request Authorization.

- **Step 2**: the Receiving Plan submits the Participant's rollover request to the Distributing Plan using Form 2 (Receiving Plan's Request to Distributing Plan) with the Participant's Rollover Request Authorization attached.

- **Step 3**: the Distributing Plan verifies the accuracy of the information on Form 1. Following verification, the Distributing Plan uses Form 3 (Distributing Plan's Rollover Certification) to transmit information to the Receiving Plan about the Participant's Distributing Plan account, including the possible rollover transfer methods.

- **Step 4**: the Receiving Plan verifies that it can receive the rollover. Following verification, the Receiving Plan uses Form 4 (Receiving Plan's Rollover Acceptance) to accept the rollover and select one of the rollover transfer methods offered by the Distributing Plan.

[1] 401(k) Plans: Labor and IRS Could Improve the Rollover Process for Participants (GAO-13-30) and 401(k) Plans: Additional Federal Actions Would Help Participants Track and Consolidate Their Retirement Savings (GAO-24-103577).

- **Step 5**: the Distributing Plan transfers the rollover to the Receiving Plan using the selected rollover transfer method.

The protocol is designed to protect participant personal identifying information (PII), require coordination and communications between the plans with respect to a rollover, require utilization of a standard set of data (with common terms), require verification before funds are transferred, and require electronic communications and transfers to the maximum extent possible. Additionally, the sample forms require assignment of a unique rollover identification number (RIN) by the receiving plan to identify the rollover and reduce the need to transmit participant PII. The RIN should appear on all forms and other communications relating to the rollover.

The sample forms and proposed procedures are optional. Plans may continue to use their existing rollover procedures, and may modify the forms as necessary, including to comply with applicable law (for example, federal and state privacy laws). The IRS and Treasury are not currently providing safe harbors based on adoption of the sample forms or procedures. If plan sponsors utilize (and/or program for electronic use) their own forms rather than the model forms, the Notice encourages (but does not require) the plan sponsors to use the same data, procedures, and protocols (including utilization of an RIN and adequate protection of participant PII) that are outlined in the guidance (and included in the model forms).

Future Guidance Under Consideration

Treasury and the IRS are considering guidance that would eliminate the option of sending a direct rollover check to a participant, require rollovers to be completed electronically or by checks sent directly to the receiving plan, and provide new safe harbors for plans that use standardized forms. The contemplated safe harbors could allow a receiving plan to reasonably conclude that the distributing plan is tax-qualified and that a potential rollover is valid, and could allow the distributing plan to reasonably conclude that withholding is not required. These safe harbors would apply only to the transferability of a rollover and not to any requirements that apply to a distributing plan in making a distribution, for example, obtaining spousal consent or making a required minimum distribution.

The Notice also requests comments and suggestions regarding potential guidance declaring certain burdensome practices impermissible, including requiring a Medallion Signature Guarantee or distribution letters, or preventing a participant from choosing an electronic transfer when both plans have the capability to use one. Treasury and the IRS acknowledge that these changes may require electronic infrastructure and processes that have not been built or established at this time, and commit that any future mandatory guidance will not become effective until administrators and trustees have been given sufficient time to implement the required changes. Comments on the sample forms, proposed procedures, additional guidance under consideration, and related issues are due by October 23, 2026.

Takeaways for Plan Sponsors and Administrators

- Prepare to accept standardized forms from other plans that adopt them, even if your plan does not adopt the forms immediately.

- Assess electronic transfer readiness with your recordkeeper and other service providers, including the ability to communicate securely and accept direct electronic transfers.

- Review current rollover procedures and identify potentially impermissible practices, including requirements for Medallion Signature Guarantees, distribution letters, or other burdensome documentation.

This alert is for general informational purposes only and should not be construed as specific legal advice. If you would like more information about this alert, please contact one of the following attorneys or call your regular Patterson contact.

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