

June 21, 2016

Proposed Regulations Issued on Deferred Compensation Arrangements for Tax-Exempt Organizations

Today, Treasury and the IRS released proposed regulations under §457 of the Code, which governs the tax treatment of nonqualified deferred compensation paid to employees and independent contractors by tax-exempt organizations and state and local governments. The proposed regulations define key §457 terms, such as “substantial risk of forfeiture” and “bona fide severance pay plan,” and they include many other provisions regarding the treatment of deferred compensation under §457.

Today’s release also includes some modifications to the regulations under §409A, including changes to align with the proposed §457 regulations.

To see the proposed §457 regulations, [click here](#). We will be issuing an Alert with a more comprehensive overview of the new proposed §457 regulations, as well as an Alert on the proposed §409A regulations. Meanwhile, please contact your Ropes & Gray advisor with any questions about the proposed §457 regulations.