

October 23, 2026

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Internal Revenue Service
Attn: CC:PA:01:PR (Notice 2026-49)
Room 5503
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Re: Comments on Notice 2026-49, Guidance on Section 324 of SECURE 2.0 with Respect to Rollovers

Dear Sir or Madam:

The SPARK Institute, Inc. appreciates the opportunity to comment on Notice 2026-49, which provides guidance under Section 324 of the SECURE 2.0 Act of 2022 (SECURE 2.0). Section 324 requires the Treasury Department and Internal Revenue Service (collectively, the IRS) to develop and issue guidance in the form of sample forms to simplify, standardize, facilitate, and expedite the completion of rollovers.

The SPARK Institute represents retirement plan recordkeepers, mutual fund companies, brokerage firms, insurance companies, banks, consultants, trade clearing firms, and investment managers. Collectively, our member firms administer the retirement plans for over 110 million American workers.

SPARK's members widely agree that the ultimate goal for the retirement industry should be increasing the number of rollovers that are processed electronically. If designed and implemented properly, such a system would be more efficient, faster, and improve the participant experience. SPARK therefore supports future guidance that encourages electronic processing as the preferred method and creates practical incentives for its broader adoption. At the same time, given the current variation in systems and the absence of an industry-wide electronic infrastructure, SPARK believes any movement toward electronic methods should remain flexible in the near term and should not eliminate paper checks as an available option until the operational issues discussed below are addressed.

SPARK also asks the IRS to preserve its existing rollover guidance that plans currently rely upon, at least for now. While there are some SPARK members who would like to move to a world where we never send paper checks in connection with a rollover, most members have concerns with near-term IRS guidance eliminating the existing option to send paper checks to complete a rollover. Similarly, the IRS should not eliminate existing guidance that permits plans

and recordkeepers to rely on the qualified status of the distributing plan to complete a rollover. As Notice 2026-49 recognizes, any future IRS guidance eliminating these options or instituting new requirements for processing rollovers will require recordkeepers to build new infrastructure and processes, and recordkeepers will need sufficient time to implement any changes.

I. BACKGROUND ON CURRENT ROLLOVER MODELS

A. Current Rollover Models

The recordkeeping industry has developed a variety of different rollover models over the years. A rollover may, for example, be initiated when a plan participant fills out a form with the receiving plan and requests a rollover, and information concerning the rollover is then sent to the distributing plan or IRA. Many companies have also established systems that help a participant initiate a rollover from a distributing plan, where the recordkeeper must then ensure the request meets plan requirements, and the rollover initiates from the distributing plan.

One key difference between the various rollover models is whether or not the recordkeeper facilitates rollovers electronically. Some SPARK members report that they frequently utilize an electronic infrastructure for rollovers when sending money to participating firms, allowing them to minimize the use of paper checks. These members say that electronic rollovers make rollovers more efficient, reduce delays, prevent plan leakage, reduce the likelihood that a paper check will be lost or stolen, and improve the rollover experience for participants.

Other members report that they currently rely heavily on the use of paper checks as part of the rollover process. According to these members, one benefit of checks is that, via the memo section, they can display the information necessary to successfully complete a rollover, including the amount of the distribution, the identity of the payee, and details about the transfer, without requiring additional follow-up from the other plan or the participant. This is a common issue with Automated Clearing House (ACH) transfers, which is one of the currently available methods by which rollovers can be electronically transferred between plans; ACH transfers and other types of Electronic Funds Transfers (EFTs) do not always identify which participant requested the rollover or provide other information that is needed to process a rollover. As another consideration for recordkeepers, some other electronic transfer options that contain the information plans need—such as wire transfers—are typically expensive.

In addition, members have differing operational views on residual fraud risk. Some note that the slower clearing cycle of a paper check can provide a practical window to place a stop payment order if fraud is identified before the item clears. Others prefer electronic methods because they reduce exposure to physical interception, check washing, and forgery risks, and because they allow stronger pre-transfer identity verification. We recognize that both methods involve residual risk and that aggregate industry and government data show paper checks remain a high-incidence fraud target. Regardless of the rollover methods that plans and recordkeepers use, our members universally agree that security should be a key consideration in developing a modernized and standardized rollover system.

SPARK members have identified a number of common challenges that arise for receiving plans when facilitating a rollover under the current models, some stemming from differing plan rules and other issues stemming from the transfer of funds and information. For example, information about basis (Roth and after-tax amounts) may be missing, such that the receiving recordkeeper is unable to verify the source of the funds. Other problems that plans and recordkeepers encounter include receiving a rollover request from a former employee when the plan does not allow such transactions; receiving incomplete information about investment allocations; and participants making errors when filling out the necessary paperwork. SPARK members report that, for many of these more challenging rollover situations, the use of a paper check, in connection with other controls, helps to facilitate the process by ensuring that the rollover is accompanied by sufficient information about the participant and their account before the check is processed. In terms of other controls, members have reported that initiating a rollover with the recipient plan can help to prevent some issues, such as rollover requests made by former employees who aren't eligible to receive rollovers and other administrative issues involving the creation of a rollover account as part of the receiving plan.

B. Current Recordkeeping Systems Rely on Existing IRS Rollover Guidance

Regardless of how recordkeepers design their rollover infrastructure, the existing models have largely been built around two pieces of longstanding IRS guidance: (1) the Q&As contained in Treas. Reg. section 1.401(a)(31)-1; and (2) Revenue Ruling 2014-9.

Under Internal Revenue Code (Code) section 401(a)(31), a qualified plan must provide participants with the option of having a distribution paid in a direct rollover to an eligible retirement plan. Treas. Reg. section 1.401(a)(31)-1, Q&A-3 provides that a direct rollover that satisfies Code section 401(a)(31) may be accomplished by "any reasonable means of direct payment" to an eligible retirement plan. For this purpose, "reasonable" includes, for instance, a wire transfer or the mailing of a check to the eligible retirement plan, if certain conditions are met. Q&A-4 states that providing a participant with a paper check and instructing the participant to deliver the check to the eligible retirement plan is a "reasonable means of direct payment," provided certain conditions are met.

Treas. Reg. section 1.401(a)(31)-1, Q&A-14(b)(2) describes when a rollover contribution is considered valid. Revenue Ruling 2014-9[1] describes two scenarios under which a plan administrator may reasonably conclude that a potential rollover contribution is a valid rollover contribution under Q&A-14. Under Situation 1, a receiving plan administrator relies on the distributing plan's Form 5500 as an indication that the distributing plan is, in fact, a qualified plan. Under Situation 2, a receiving plan administrator determines that the source of the funds is a traditional, non-inherited IRA where the IRA trustee issues a check payable to the receiving plan and provides a paper check to the individual, who then delivers the check to the receiving plan administrator.

[1] 2014-17 I.R.B. 975.

II. COMMENTS ON FUTURE ROLLOVER GUIDANCE UNDER CONSIDERATION

In response to the IRS's request for comments on future regulatory guidance under consideration that would address rollover processes and requirements, the SPARK Institute's comments reflect two primary points: (1) SPARK supports guidance that would encourage plans and their recordkeepers to modernize and standardize the rollover process with electronic processing as the goal; and (2) SPARK urges the IRS to preserve existing guidance that plans and recordkeepers currently rely upon.

A. Support for Guidance Encouraging Rollover Modernization and Standardization

Support for Guidance Encouraging Electronic Rollover Processing. Consistent with our longstanding support for modernizing and streamlining many aspects of retirement plan operations, such as the electronic delivery of notices and other documents to plan participants, SPARK supports future guidance that would encourage plans and recordkeepers to modernize, standardize, and move the rollover process to a largely electronic format. Electronic rollovers have the potential to make the process more efficient and reduce burdens on participants.

We note that the federal government, consistent with Executive Order 14247, has been transitioning federal disbursements, including those associated with the Thrift Savings Plan, away from paper checks and toward electronic methods. That experience can be instructive. Private-sector rollovers, however, involve a much wider range of plans, recordkeepers, and account types, many of which do not yet share a common electronic protocol or data standard. Any future guidance should account for that diversity.

As noted earlier, while there are some members who support a future state in which the rollover process is done predominately via electronic means, members have also expressed a range of concerns about the IRS *requiring* electronic rollovers in all cases, as well as concerns about operational and structural issues that would need to be addressed by the IRS to facilitate and encourage a broader industry shift towards electronic methods. For example:

- As noted above, members have differing operational views on residual fraud risk. Some note that the slower clearing cycle of a paper check can provide a practical window to place a stop payment order if fraud is identified before the item clears. Others prefer electronic methods because they reduce exposure to physical interception, check washing, and forgery risks, and because they allow stronger pre-transfer identity verification. We recognize that both methods involve residual risk and that aggregate industry and government data show paper checks remain a high-incidence fraud target. Future guidance should treat security and fraud prevention as central considerations while preserving flexibility for recordkeepers to apply appropriate controls based on the specific transaction, available infrastructure, and identified risk indicators.
- Some members are concerned about unresolved challenges with respect to ACH transfers, discussed above, that would need to be resolved before it would be feasible for all recordkeepers to facilitate electronic rollovers on a large scale utilizing ACH.
- Several members pointed out that, before we eliminate the ability to send paper checks, we need industry-wide adoption of a common electronic transfer protocol or

infrastructure, which does not currently exist among all of the retirement accounts from which and to which rollovers can be made. This type of infrastructure would be critical to facilitating electronic rollovers across the broad range of plans and recordkeepers involved in these transactions.

- An electronic rollover requirement would create new compliance burdens for smaller or less technologically advanced recordkeepers and third-party administrators that may require upgrades to their systems and processes to support electronic rollovers at scale.

Thus, at least for now, SPARK believes that any guidance relating to electronic rollover processing *should not require* electronic rollovers until these issues are resolved. As we note above, for various reasons, plans and recordkeepers may determine that a paper check rollover is appropriate or that an electronic transfer cannot be completed. This can be the case even for plans and providers that primarily rely on electronic rollover methods. That is, even members who largely prefer electronic rollover methods still fall back to paper checks as an operational necessity when data is incomplete and as a participant protection when fraud indicators make electronic transfers undesirable. For these reasons, we believe it is crucial that any future guidance encourage, rather than require, electronic rollovers.

Support for Encouraging Paper Checks to be Sent Directly Between Plans. SPARK supports guidance that would encourage plans to send paper checks directly between the distributing and receiving plans, rather than sending a check to the participant, who is then responsible for delivering it to the receiving plan. In SPARK's view, the direct transmission of funds increases the likelihood that the rollover is processed in a timely manner, reduces the time that participants' investments are out of the market, reduces administrative burdens on participants, and cuts down on the risk of lost, stolen, or delayed checks.

Some SPARK members report that they have already adopted this practice. In addition, for plans that are currently set up to receive rollovers via paper checks, we do not see any reason why a receiving plan could not process a rollover if the only difference from current practice is that the participant is not obligated to forward the check themselves. SPARK members have expressed, however, that plans that do not currently use this process may need time to update their systems.

Although we support guidance encouraging paper checks to be sent directly between plans, future guidance *should not require* checks to be sent directly to the plan in every circumstance. For example, some participants specifically request to receive the check rather than have it sent directly to the receiving plan. Thus, delivery to the participant should be preserved as an option.

Support for New Safe Harbors That Provide Meaningful Relief. In SPARK's view, the ideal way for the IRS to expand electronic rollovers is to offer incentives for plans and recordkeepers to adopt electronic rollover processing; not by imposing new requirements or eliminating existing options. As one example, the IRS could provide that if a plan administrator (1) chooses to accept electronic rollovers and (2) uses acceptable means to transmit the information contained in the sample forms in Notice 2026-49, the administrator may reasonably conclude (within the meaning of Treas. Reg. section 1.401(a)(31)-1, Q&A-14) that the distributing plan is

a qualified plan and that the potential rollover contribution is therefore a valid rollover contribution.[2] This would save plan administrators the step of verifying the qualified status of the distributing plan on a Form 5500, as described above in Situation 1 in Revenue Ruling 2014-9.[3] This would also address plans' concerns about inadvertently accepting non-qualified money.

B. Considerations from the Australian SuperStream Experience

As the IRS considers ways to streamline the rollover process and improve efficiency, we encourage it to keep in mind the downsides of eliminating friction entirely. Under Australia's SuperStream system, contributions and rollovers are processed through a centralized electronic platform, with standard rollovers generally required to be completed within three business days of receiving all required information.[4] Australia's shift from a paper-based process to an electronic one has produced a more efficient and convenient system. However, despite these benefits, Australian policymakers are now seeking to reintroduce deliberate friction into the system. We understand that the ultra-streamlined process has enabled fraud that is not caught within the three-day window and has allowed mistaken or other poor decisions to be processed too quickly. SuperStream is therefore contemplating a longer window for rollovers and a requirement that participants reconfirm rollover requests. We encourage the IRS to consider the Australian experience for lessons as it develops its own guidance on modernizing the U.S. rollover process.

C. Existing Rollover Options and Flexibility Should Be Preserved

Although the SPARK Institute supports guidance that encourages electronic rollovers and direct plan-to-plan transfers of paper checks, for the reasons described above, we urge the IRS to preserve existing guidance that plans and providers rely on, specifically the Q&As contained in Treas. Reg. section 1.401(a)(31)-1 and Revenue Ruling 2014-9, at least until the various issues are resolved. Even some members who have indicated that their preferred rollover method is electronic acknowledge that optionality with respect to paper checks should be preserved, at least as a fallback. If the IRS were to eliminate any of its existing rollover guidance addressing paper checks, the process of updating existing systems would in most cases require a significant investment from recordkeepers.

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[2] The sample forms and proposed procedures envision that the distributing plan will certify that it is a qualified plan. *See* Sample Form 3 (Distributing Plan's Rollover Certification), #5. In practice, although recordkeepers will often manage day-to-day rollover administration, they will not necessarily be in a position to determine the qualified status of a plan. In some cases, a recordkeeper may provide plan document services and be able to check a determination or opinion letter. In other cases, however, they may simply provide recordkeeping services. We ask that any future guidance envisioning this type of certification specify how it may be provided given that recordkeepers commonly won't be in a position to certify the qualified status of the distributing plan.

[3] As noted below, however, any new safe harbors should not eliminate existing safe harbors.

[4] *Rollovers*, Australian Taxation Office (2021), https://www.ato.gov.au/businesses-and-organisations/super-for-employers/managing-superstream/apra-regulated-funds/rollovers; *SuperStream – Frequently Asked Questions*, Australian Prudential Regulation Authority (2026), https://www.apra.gov.au/superstream-frequently-asked-questions.

D. Transition Period Needed for Future Guidance

To the extent the IRS decides to impose an electronic rollover requirement in future guidance, SPARK urges the IRS to provide an appropriate transition period. Updating existing systems to move towards an electronic rollover mandate would require many recordkeepers to develop new infrastructure to allow electronic rollovers in every circumstance. Thus, the technical challenges associated with such a transition would be substantial for many SPARK members. We appreciate that the IRS acknowledges these challenges in Notice 2026-49. We also encourage the IRS to re-engage with the industry before any hard cutoff so that the effective date reflects actual readiness of electronic infrastructure across the market.

According to our members, a transition period of two years at minimum following the publication of final guidance would be needed to ensure that plans and recordkeepers could successfully implement any electronic rollover mandates. However, to the extent the IRS considers any such mandates in the future, we urge the IRS re-engage with the industry regarding an appropriate effective date.

III. COMMENTS ON SAMPLE FORMS AND ROLLOVER PROCEDURES

Section 324 of SECURE 2.0 requires the Treasury Secretary to develop and issue guidance in the form of sample forms, including relevant procedures and protocols, for the completion of rollovers. The purpose of developing such guidance is to simplify, standardize, facilitate, and expedite the rollover process. Section 324 also tasks the Treasury Secretary with engaging with participants and plan sponsor representatives regarding the development of guidance.

Notice 2026-49 provides four optional sample forms and five sequential proposed rollover procedures for plan administrators and IRA trustees to use for purposes of completing a participant's request to roll over distributions from a distributing plan to a receiving plan, where one or both plans is an employer plan and no more than one of the plans is an IRA. At a high level, the Notice envisions that the rollover process would be initiated by a participant requesting a rollover with the receiving plan. The receiving and distributing plans would then exchange the necessary information and determine an appropriate rollover method via the four sample forms. As part of the rollover process, the Notice contemplates that plans would use a unique "rollover identification number" (RIN), assigned by the receiving plan, for all communications between the plans with respect to the rollover.

SPARK greatly appreciates the IRS providing stakeholders with the opportunity to weigh in on the sample forms and proposed rollover procedures. We also understand that standardizing and modernizing the rollover system is a significant undertaking. Below, we comment on specific aspects of the sample forms and procedures and outline the variety of reactions we have received from members.

Comments on Complexity of Forms and Procedures. SPARK appreciates that the IRS had the difficult task of capturing and synthesizing the entire universe of potential data necessary to facilitate rollovers. We understand, however, that existing rollover processes, including many

standard forms currently used by plans, rely on less information than what is listed in the four sample forms. Under current industry practice, many of the steps contemplated by the sample forms are carried out without requiring the formal transmission of forms between plans. Some SPARK members have therefore expressed concerns that the sample forms and procedures may result in unnecessary administrative complexity. In a similar regard, other SPARK members have stated that the transmission of fillable forms back and forth between plans would not further the goal of simplifying and streamlining the rollover process, relative to alternative approaches that incorporate standardized data sharing, Application Programming Interfaces (APIs), and other connectivity. Thus, to the extent the IRS issues additional guidance, it would be helpful for the IRS to emphasize that it is encouraging increased standardization and connectivity with respect to the information and concepts reflected in the forms, rather than a strict adoption of the forms themselves.

In terms of increasing plans' and recordkeepers' potential adoption of the sample forms and procedures, SPARK members have suggested that streamlining the sample forms may be helpful. Some members have suggested that the IRS could consider whether all information provided by the receiving plan could be consolidated into one form, instead of in sample Form 2 (Receiving Plan's Request to Distributing Plan) and Form 4 (Receiving Plan's Rollover Acceptance).

Support for Use of Sample Forms and Rollover Procedures Remaining Optional. The forms and procedures offer a helpful resource for plans and recordkeepers that are looking to standardize or otherwise update their rollover processes. That said, SPARK strongly supports the forms and procedures remaining optional—i.e., the IRS should not mandate the use of rollover forms and procedures. Many of our members expressed the need for flexibility to customize their recordkeeping procedures.

Some SPARK members have reported that they are currently considering using the forms and procedures. Others said that they are considering adopting certain elements of the forms and procedures, such as taking steps to improve rollover security and advancing standardization across their systems. Even for members who indicated that they would not adopt the forms and procedures at this time, some said that they would likely accept the sample forms as an acceptable method to administer a rollover.

Initiating Rollovers with the Receiving Plan. The Notice contemplates that the proposed rollover procedures would be initiated by the receiving plan when a participant submits a rollover request form. This aligns with the rollover procedures implemented by many, but not all, of SPARK's members. Given that many recordkeepers currently use a similar model, we have not heard significant concerns with a process that starts with the receiving plan.

We understand, however, that not every recordkeeper is currently set up to follow this process, and it presents some issues that require special consideration. For instance, a plan may require the participant to contact the recordkeeper prior to initiating the rollover to comply with plan rules, such as obtaining spousal consent. In such cases, it makes more sense for the rollover process to be initiated with the distributing plan, rather than the receiving plan. Therefore,

although many plans do start the process with the receiving plan, members expressed that it is important for any future IRS guidance to retain flexibility as to which party initiates the rollover.

Participant Involvement in the Rollover Process. The Notice acknowledges that the sample forms and procedures do not address certain circumstances involving rollovers, such as when spousal consent would be required for a distribution or in connection with the required minimum distribution rules. The Notice advises that if there is a need for additional information or a plan requirement to meet, the distributing plan should contact the receiving plan, and the receiving plan should notify the participant.

In response to this issue, some SPARK members have stated that this issue will need additional consideration because the participant will need to be more involved in managing the rollover process. As one example, spousal consent is required in connection with a distribution from a plan that is subject to the spousal protection rules in Code section 401(a)(11) if the participant elects to take a distribution in a form other than a qualified joint and survivor annuity (QJSA), including a rollover. Thus, for these types of circumstances, it may make more sense for the distributing plan, not the receiving plan, to contact the participant, particularly when any spousal consent requirements must be met.

Creation of Rollover Identification Number. With respect to the creation of a RIN, SPARK members have generally expressed support for the concept of a unique number to be used in rollover-related communications between plans, whether that be the specific RIN contemplated by the Notice or a similar identification number. Some members expressed that a RIN or similar identifier would address the challenges of identifying ACH transfers and other types of EFTs, reduce the risk of processing errors, reduce reliance on the use of participants' personal identifying information (PII), and be useful in mitigating other existing challenges with current rollover models, such as receiving incomplete information about the rollover. Members who expressed support for the RIN concept noted, however, that the industry would require lead time to develop systems to create and store RINs, and to be a useful tool, would need to apply uniformly across plans and recordkeepers. Thus, while we don't believe a RIN should be a new regulatory condition, SPARK supports guidance expressly permitting plans and recordkeepers to incorporate a RIN when processing rollovers.

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The SPARK Institute appreciates the opportunity to provide comments on Notice 2026-49. If you have any questions or would like more information regarding this letter, please contact the SPARK Institute's outside counsel, Michael Hadley (mlhadley@davis-harman.com) or Adam McMahon (armcmahon@davis-harman.com), Davis & Harman LLP.

Sincerely,



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