



OFFICE OF THE CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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UIL: 401.00-00, 414.16-00

Dear :

I'm responding to your February 5, 2025, letter to President Trump. Because you asked about retirement and disability plans, your letter was referred to my office.

You state that your application for permanent and total disability benefits was improperly denied. You also state that your qualified domestic relations order (QDRO) contains errors that affect the amount of your retirement distribution, and that the plan does not appear to be applying future benefit increases correctly. You further state that you believe that other are adversely affected by similar types of errors.

In a general information letter, we are not able to comment on the tax treatment of a particular taxpayer. In addition, we are not able to comment on how a particular provision of an employer's plan may be applied. However, I can provide the following general information regarding disability benefits under section 104(a)(1) of the Internal Revenue Code (Code) and QDROs under section 414(p) of the Code.

Generally, section 104(a)(1) excludes from gross income amounts received by an employee under a workmen's compensation act or under a statute in the nature of a workmen's compensation act that provides compensation to the employee for personal injury or sickness incurred in the course of employment. Section 104(a)(1) does not apply to a retirement pension or annuity to the extent that it is determined by reference to the employee's age or length of service, or the employee's prior contributions, even though the employee's retirement is occasioned by an occupational injury or sickness. Treasury Regulations under section 104 of the Code set forth rules regarding the taxation of disability benefits, and do not address claims and appeals procedures for disability benefits. In general, an appeal regarding a claim denial is addressed by the plan administrator.

With respect to QDROs, section 414(p)(1)(A) provides, in general, that a QDRO is a

domestic relations order that creates or recognizes the existence of an alternate payee's right, or assigns to an alternate payee the right, to receive all or a portion of the benefits payable with respect to a participant under a plan, and that meets the requirements of section 414(p)(2) and (3).

Section 414(p)(2) requires that a QDRO clearly specify: (A) the name and last known mailing address (if any) of the participant and of each alternate payee covered by the order, (B) the amount or percentage of the participant's benefits to be paid by the plan to each alternate payee, or the manner in which that amount or percentage is to be determined, (C) the number of payments or period to which the order applies, and (D) each plan to which the order applies.

If you have questions or concerns about actions that are being taken by a specific plan, you may want to try again to contact the plan administrators. If a specific plan is subject to the Employee Retirement Income Security Act of 1974, you can also contact the Department of Labor's Employee Benefits Security Administration (EBSA) to speak with a Benefits Advisor by calling toll-free at 1-866-444-3272 or visiting <https://www.dol.gov/agencies/ebsa/about-ebsa/ask-a-question/ask-ebsa>.

For your convenience, I'm enclosing a copy of a Department of Labor publication on QDROs.

I hope this information is helpful. If you have questions, please contact me at _____, or _____ at _____.

Sincerely,

Angelique Carrington
Branch Chief
Qualified Plans Branch 4
Office of Associate Chief Counsel
(Employee Benefits, Exempt Organizations, and
Employment Taxes)

Enclosure