

# ADVISORY

## **SULLIVAN & WORCESTER BENEFITS BRIEF**

### **IRS Extends Section 409A Transition Period Until December 2007**

Recognizing that final regulations under Section 409A have not yet been issued, the Internal Revenue Service in Notice 2006-79 extends the effective date of regulations from January 1, 2007 until January 1, 2008. Similarly, the deadline for amending nonqualified deferred compensation plans to reflect the Section 409A rules has been extended from December 31, 2006 until December 31, 2007.

Except in the case of certain backdated options issued to top executives of public companies, the transition rule permitting discounted stock options to be changed to conform to Section 409A has been extended until the end of December 2007 as well. Similarly, the transition rule permitting changes to be made in the timing and form of deferred compensation payment due in future years has been extended until December 31, 2007.

The notice states that final regulations are still expected to be issued during 2006; when that happens, we will publish an advisory with the pertinent details.

## **IF YOU WOULD LIKE ADDITIONAL INFORMATION, PLEASE CONTACT:**

Jonathan B. Dubitzky  
617 338 2936  
jdubitzky@sandw.com

David A. Guadagnoli  
617 338 2938  
dguadagnoli@sandw.com

Amy E. Sheridan  
617 338 2897  
asheridan@sandw.com

### **BOSTON**

Sullivan & Worcester  
One Post Office Square  
Boston, MA 02109

### **NEW YORK**

Sullivan & Worcester  
1290 Avenue of the Americas  
New York, NY 10104

### **WASHINGTON, DC**

Sullivan & Worcester  
1666 K Street, NW  
Washington, DC 20006

