

MEMO# 31990

October 1, 2019

ICI Comment Letter on Treasury Proposal to Amend Unified Plan Rule for MEPs

[31990]

October 1, 2019 TO: ICI Members
Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: ICI Comment Letter on Treasury Proposal to Amend Unified Plan Rule for MEPs

The Institute submitted the attached letter to Treasury and IRS commenting on the proposed amendments to the unified plan rule (also known as the “one bad apple rule”) for multiple employer plans (MEPs).^[1] Ordinarily, under the unified plan rule, all of the employers maintaining a MEP (participating employers) are treated as a single employer for purposes of certain Code section 401(a) tax-qualification requirements. The proposal would provide a mechanism for a defined contribution MEP to deal with certain tax-qualification failures attributable to a participating employer without jeopardizing the tax-qualified status of the entire MEP.

Our letter generally supports the proposal and recommends certain modifications to simplify the requirements for handling non-compliant participating employers. The letter also recommends that Treasury address application of the unified plan rule to 403(b) plans.

Elena Barone Chism
Associate General Counsel - Retirement Policy

[Attachment](#)

endnotes

^[1] For a description of the proposal, see ICI Memorandum No. 31843, dated July 9, 2019 available at https://www.ici.org/my_ici/memorandum/memo31843.

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