

**MEMO# 15141**

September 11, 2002

## **CONFERENCE CALL TO DISCUSS FLOAT ISSUES AND 72(T) - FRIDAY, SEPTEMBER 13, 2002 AT 2:00 PM EDT**

[15141] September 11, 2002 TO: PENSION COMMITTEE No. 38-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 62-02 RE: CONFERENCE CALL TO DISCUSS 72(t) and FLOAT ISSUES - FRIDAY, SEPTEMBER 13, 2002 AT 2:00 PM EDT A conference call has been scheduled for Friday, September 13, 2002 at 2:00 p.m. EDT to discuss two separate topics. First, we will discuss Code section 72(t)'s "substantially equal periodic payment rule," which permits early retirees to take distributions from their qualified plan without paying an early withdrawal penalty. Specifically, we wish to discuss whether existing guidance adequately addresses shareholder needs; for example, during periods of market decline a substantially equal periodic payment stream would deplete a retirement account faster than originally intended. Second, we will discuss disclosure requirements regarding interest earned by a trustee on its own account as a result of "float" on contributions prior to their investment and on distribution prior to disbursement to participants. Department of Labor guidance issued in 1994 provides that a trustee may retain earnings on float as part of its overall compensation, provided that the trustee gives "full and fair disclosure" regarding the use of float during fee negotiations.<sup>1</sup> The DOL is considering issuing additional guidance to clarify what constitutes full and fair disclosure for such purposes. The dial-in number for this call is 888-455-9725 (passcode: "72(t)"; moderator: Lisa Robinson). If you would like to participate in this call, please complete the attached response form and fax it to Brenda Turner by noon, Thursday, September 12, 2002. In addition, if you would like to discuss a specific issue related to either of the above topics, please provide your comments on the attached response form or contact me at 202-326-5835 or lrobinson@ici.org. Lisa Robinson Assistant Counsel Attachment (in .pdf format) 1 PWBA Office of Regulations and Interpretations letter to Judith A. McCormick, August 11, 1994.