

MEMO# 13739

July 17, 2001

IRS RELEASES ADDITIONAL MODEL AMENDMENT FOR RETIREMENT PLANS UNDER SECTION 401(A)(9)

[13739] July 17, 2001 TO: PENSION MEMBERS No. 24-01 PENSION OPERATIONS ADVISORY COMMITTEE No. 43-01 TRANSFER AGENT ADVISORY COMMITTEE No. 52-01 RMD REFORM AD HOC COMMITTEE No. 3-01 RE: IRS RELEASES ADDITIONAL MODEL AMENDMENT FOR RETIREMENT PLANS UNDER SECTION 401(A)(9) The Internal Revenue Service recently released an additional model amendment for retirement plans for proposed regulations under section 401(a)(9) of the Code in Announcement 2001-82.1 Qualified plan sponsors may adopt the alternative model amendment to allow required minimum distributions (RMDs) made for 2001 prior to the date on which the plan began operating under the 2001 proposed regulations to be made under the 1987 proposed regulations. RMDs made on or after the effective date for the amendment for 2001 will be made under the 2001 proposed regulations. The alternative model amendment also provides that if the total amount of 2001 RMDs made to a participant prior to the date on which the plan began operating in accordance with the 2001 proposed regulations is equal to or greater than the RMDs determined under the 2001 proposed regulations, then no additional RMDs are required for that participant for 2001. If the total amount of RMDs made to a participant for 2001 prior to the date the plan began operating under the 2001 proposed regulations is less than the amount determined under the 2001 proposed regulations, the RMDs for 2001 following such date will be determined so that the total RMDs for 2001 for that participant is the amount determined under the 2001 proposed regulations. A plan sponsor that made RMDs for 2001 under the 1987 proposed regulations prior to the date during 2001 that it began operating under the 2001 proposed regulations must amend its plan in accordance with the alternative model amendment. The alternative model amendment may be used only if it is effective on a date in 2001 when the plan begins to operate in accordance with the 2001 proposed regulations. The original model amendment contained in Announcement 2001-18 is available for plans that follow the 2001 proposed regulations for determining RMDs for 2001 for the entire calendar year 2001 or, if first effective after 2001, for later calendar years prior to the effective date of the final regulations. 1 See Institute Memorandum to Pension Members No. 6-01, Pension Operations Advisory Committee No. 10-01 and Transfer Agent Advisory Committee No. 11-01, dated February 1, 2001, regarding the corrected model amendment. 2 In order for a plan to use either model amendment, it must adopt the amendment prior to the end of the plan's GUST remedial amendment period. A copy of the alternative model amendment is attached. Kathryn A. Ricard Associate Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment to which this memo refers, please call the ICI Library at (202) 326-8304 and request the attachment for memo 13739. ICI Members may retrieve this memo and its attachment from

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