

MEMO# 10805

March 17, 1999

INSTITUTE SUBMITS COMMENTS ON IRS TECHNOLOGY PROPOSALS

1 See Institute Memorandum to Pension Members No. 77-98, dated December 21, 1998. 2 See Institute Memorandum to Pension Committee No. 67-98 and Pension Operations Advisory Committee No. 50-98, dated October 8, 1998. 3 See Institute Memorandum to Operations Members No. 8-99, Pension Members No. 13-99, Pension Operations Advisory Committee No. 11-99, Tax Members No. 12-99 and Transfer Agent Advisory Committee No. 16-99, dated February 25, 1999. [10805] March 17, 1999 TO: PENSION COMMITTEE No. 16-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 17-99 FEBRUARY 18 CONFERENCE CALL ATTENDEES RE: INSTITUTE SUBMITS COMMENTS ON IRS TECHNOLOGY PROPOSALS

The Institute has submitted comments on the Internal Revenue Service's proposed regulations regarding "paperless technologies." Proposed regulations were published in December, 1998.¹ These comments were developed with the assistance of participating Institute members. In the letter, the Institute states its support of the Service's proposal to permit the use of "paperless" technologies to deliver various notices and receive various participant elections and consents. The proposed regulations generally adopt the approach that the Institute had suggested in an earlier comment letter in October, 1998.² The Institute urges the prompt adoption of final regulations and recommends a few minor changes. The proposed regulations permit the oral delivery of summaries of section 402(f) and section 411(a)(11) notices if full notices were previously delivered, for instance, as part of a summary plan description (SPD). The Institute recommends the Service eliminate the proposed requirement that these notice summaries include disclosure of when and where the full notice was delivered. Specifically, providing a date and page number reference to each participant would not be practical. The letter notes that plan participants may receive the SPD at different times and, moreover, that the requirement would be burdensome for service providers to implement, with little practical benefit. The Institute also seeks to clarify that withholding elections under section 3405 could be delivered via automated telephone systems or telephone systems using customer service representatives, because Announcement 99-6,³ which would permit the electronic receipt of Form W-4P information, speaks in only general terms about electronic delivery. Additionally, the letter also seeks to clarify that where PIN numbers are used in lieu of a traditional signature for Form W-4P purposes, they may be provided at the beginning of an automated telephone system election, rather than at the end of the call. Finally, the letter requests clarification as to the kinds of records, such as audio recordings, automated voice response entries, and notations by telephone representatives, that would need to be retained in lieu of a Form W-4P. A copy of the comment letter is attached. Russell G. Galer Senior Counsel

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