

MEMO# 19846

March 17, 2006

Draft Institute Comment Letter on Proposed Regulations for Designated Roth Account Distributions

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TO: PENSION COMMITTEE No. 8-06 PENSION OPERATIONS ADVISORY COMMITTEE No. 7-06
RE: DRAFT INSTITUTE COMMENT LETTER ON PROPOSED REGULATIONS FOR DESIGNATED ROTH ACCOUNT DISTRIBUTIONS Attached is a draft of the Institute's comment letter on the IRS proposed regulations governing distributions from designated Roth accounts in 401(k) and 403(b) plans. The letter asks for clarifications or changes with respect to the rules for rollovers from designated Roth accounts, including the availability of partial rollovers and rollovers between 401(k) and 403(b) plans. In addition, the letter suggests changes to the reporting rules for plans making distributions and plans receiving rollovers, and makes specific recommendations regarding Form 1099- R. The letter asks for clarification on an issue not discussed during our conference call on the proposed regulations, but that members may want to consider – trustee-to-trustee transfers of Roth accounts. The letter also urges the IRS reconsider the treatment of designated Roth accounts in the context of hardship distributions, automatic rollovers, and required minimum distributions. If you have an issue that is not reflected in the letter, please let us know. Please contact me with any comments or questions on the draft letter by Friday, April 7, by e-mail at ebarone@ici.org, by telephone at 202-326-5821, or by fax at 202-326-5841. Elena Barone Assistant Counsel
Attachment (in .pdf format)