

**MEMO# 5182**

September 27, 1993

## **IRS ISSUES FINAL DISCRIMINATION AND RELATED REGULATIONS**

September 27, 1993 TO: PENSION COMMITTEE NO. 33-93 RE: IRS ISSUES FINAL DISCRIMINATION AND RELATED REGULATIONS

Attached are copies of final regulations issued by the Internal Revenue Service concerning the nondiscrimination requirements of section 401(a)(4) of the Internal Revenue Code, the section 401(l) permitted disparity rules, the section 410(b) minimum coverage requirements, and the section 414(s) definition of compensation. The final regulations under section 401(a)(4) incorporate the changes proposed in January as well as certain other modifications. (See Institute Memorandum to Pension Committee No. 4-93, dated January 28, 1993.) The changes to the final regulations under sections 401(l), 410(b) and 414(s) were proposed in April. (See Institute Memorandum to Pension Committee No. 17-93, dated May 12, 1993.) The final regulations generally are effective for plan years beginning on or after January 1, 1994. Under Notice 92-36, plan amendments generally must be made by the end of the first plan year for which the regulations are effective. (See Institute Memorandum to Pension Committee No. 30-92, dated August 12, 1992.) Also attached are proposed amendments to the final regulations under section 414(r) of the Code, which defines the term "separate lines of business" for purposes of the minimum coverage and participation requirements of sections 401(a)(26) and 410(b). (See Institute Memorandum to Pension Committee No. 38-91, dated December 9, 1991.) The proposed changes are designed to increase flexibility and simplify compliance under the regulations. We will keep you informed of developments. Kathy D. Ireland Associate Counsel - Pension Attachments