

**MEMO# 14664**

April 25, 2002

## **IRS EXTENDS DEADLINE FOR USE OF REVISED MODEL FORMS FOR NEW ACCOUNTS AND RELEASES MODEL FORMS FOR IRAS, SEPS AND SIMPLES**

[14664] April 25, 2002 TO: PENSION MEMBERS No. 18-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 28-02 TRANSFER AGENT ADVISORY COMMITTEE No. 36-02 RE: IRS EXTENDS DEADLINE FOR USE OF REVISED MODEL FORMS FOR NEW ACCOUNTS AND RELEASES MODEL FORMS FOR IRAS, SEPS AND SIMPLES The Internal Revenue Service has issued Announcement 2002-49, which extends the June 1, 2002 deadline under Revenue Procedure 2002-101 for the use of existing model IRAs, SEPs and SIMPLE IRA plans to establish new accounts. Under the attached announcement, financial institutions may use the existing model forms for new accounts through October 1, 2002. The announcement notes, however, that the deadlines by which revised model forms must be adopted under Revenue Procedure 2002-10 are unchanged. In addition, the IRS has issued the attached revised versions of the following model forms: • Form 5305 (Traditional Individual Retirement Trust Account); • Form 5305-A (Traditional Individual Retirement Custodial Account); • Form 5303-R (Roth Individual Retirement Trust Account); • Form 5305-RA (Roth Individual Retirement Custodial Account); • Form 5305-S (SIMPLE Individual Retirement Trust Account); • Form 5305-SA (SIMPLE Individual Retirement Custodial Account); 1 See Institute Memorandum to Pension Members No. 1-02, Pension Operations Advisory Committee No. 1-02, and Transfer Agent Advisory Committee No. 1-02, dated January 4, 2002 (concerning Rev. Proc. 2002-10) and Institute Memorandum to Pension Members No. 7-02, Pension Operations Advisory Committee No. 12-02, and Transfer Agent Advisory Committee No. 14-02, dated February 27, 2002 (concerning the Institute's written request for an extension of the June 1, 2002 deadline). 2 • Form 5305-SEP (Simplified Employee Pension - Individual Retirement Accounts Contribution Agreement); • Form 5305A-SEP (Salary Reduction Simplified Employee Pension - Individual Retirement Accounts Contribution Agreement); • Form 5304-SIMPLE (Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) - Not for Use With a Designated Financial Institution); and • Form 5305-SIMPLE (Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) - for Use With a Designated Financial Institution). The revised model IRA forms update the provisions concerning contribution limits (including scheduled increases in these limits) and required minimum distributions (RMDs). The revised model SEP form reflects the \$40,000 (indexed) and 25 percent of compensation limitations on annual contributions and the \$200,000 (indexed) limitation upon the amount of compensation upon which contributions can be based. The model Salary Reduction SEP form includes the section 402(g) limit, rather than the \$40,000 (indexed) limit, and explains the scheduled increases

in the section 402(g) limit as well as the availability, and scheduled increases in the annual amount, of catch-up contributions. The model SIMPLE forms include the \$200,000 (indexed) limitation, descriptions of the scheduled increases in the annual SIMPLE contribution limit, and explanations of catch-up contributions. Kathy D. Ireland Associate Counsel Note: Not all recipients receive the attachments. To obtain copies of the attachments, please visit our members website (<http://members.ici.org>) and search for memo 14664, or call the ICI Library at (202) 326-8304 and request the attachments for memo 14664. Attachment no. 1 (in .pdf format)

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