

MEMO# 12032

June 20, 2000

REVISED DRAFT COMMENT LETTER ON PROPOSED SECTION 411(D)(6) RELIEF

[12032] June 20, 2000 TO: PENSION COMMITTEE No. 42-00 PENSION OPERATIONS
ADVISORY COMMITTEE No. 43-00 PARTICIPANTS IN MAY 4TH AND JUNE 12TH CONFERENCE
CALLS RE: REVISED DRAFT COMMENT LETTER ON PROPOSED SECTION 411(D)(6) RELIEF
Attached is a revised draft of the Institute's comment letter on the Internal Revenue
Service's proposed regulations providing special rules under section 411(d)(6) to permit the
elimination of certain extended distribution forms offered in a defined contribution plan and
other relief. The draft letter has been revised to respond to issues raised on a June 12
conference call. In general, we have tried to strengthen the argument that the relief should
require only that a plan offer a lump sum distribution option and not be required to retain
any extended distribution form at all. We have redrafted section II addressing individuals
near retirement to state that no special protections are needed for these individuals when
extended distribution forms are eliminated, because given a lump sum distribution option,
they can easily replicate any eliminated distribution form. Responding to discussion on June
12, we also have eliminated the section addressing elective transfers. Finally, we have
made numerous technical and editing changes throughout, including clarifying that the
section on in-kind securities addresses an issue raised by the examples in the proposed
regulation, not a requirement proposed in the body of the regulation. Please review this
final, revised draft and provide comments to me by Friday morning, June 23. The letter
must be filed on June 27. You can provide me with comments by telephone at (202)
326-5835, fax at (202) 326-5841, or e-mail at rgaler@ici.org. Russell G. Galer Senior
Counsel Attachment Attachment (in .pdf format)