

**MEMO# 1573**

December 6, 1989

## **IRS EXTENDS PLAN AMENDMENT DEADLINES**

- 1 - December 6, 1989 TO: PENSION MEMBERS NO. 52-89 RE: IRS EXTENDS PLAN AMENDMENT DEADLINES

Attached is a copy of IRS Revenue Procedure 89-65, which provides extensions of certain plan amendment deadlines and contains other extensions and transitional rules. Under the revenue procedure, the remedial amendment period under section 401(b) of the Internal Revenue Code generally is extended to the last day of the first plan year beginning after December 31, 1990. The extension also applies to plans adopted or amended after December 31, 1987 and collectively bargained plans. In order to be eligible for the extended remedial amendment period, however, the plan must be operated in accordance with the 1986 Tax Reform Act from the date the requirement became effective, and the required plan amendments must apply retroactively to the date the applicable requirements became effective. The new deadlines supersede those that were set forth in Notice 89-8. (See Institute Memorandum to Pension Members No. 3-89, dated January 26, 1989.) In addition, the revenue procedure (1) extends the application of Model Amendment 3 under Notice 88-131, to allow plan sponsors to continue the suspension of benefit accruals for all participants beyond the end of the 1989 plan year; (2) extends the application of transitional rules under sections 401(a)(26) and 414(s) and the use of the special definition of compensation under Notice 88-127; and (3) modifies the multiple use rules under sections 401(k) and 401(m). The IRS also announced that it will begin accepting applications for determination letters in early 1990. Individually designed plans for which an application is submitted prior to July 1, 1991 that satisfy certain conditions generally will be able to rely on their favorable determination letters until the end of the 1994 plan year, absent statutory changes. We will keep you informed of further developments. - 2 - Kathy D. Ireland Associate General Counsel Attachment