

MEMO# 15486

December 23, 2002

INTERNAL REVENUE SERVICE PROVIDES ADDITIONAL GUIDANCE CONCERNING REQUIRED MINIMUM DISTRIBUTION REPORTING

[15486] December 23, 2002 TO: OPERATIONS MEMBERS No. 37-02 PENSION MEMBERS No. 61-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 84-02 TRANSFER AGENT ADVISORY COMMITTEE No. 108-02 RE: INTERNAL REVENUE SERVICE PROVIDES ADDITIONAL GUIDANCE CONCERNING REQUIRED MINIMUM DISTRIBUTION REPORTING The Internal Revenue Service has issued Notice 2003-3 (copy attached), which clarifies certain IRA trustee reporting issues raised by Notice 2002-27.¹ Under Notice 2002-27, an IRA trustee that holds an IRA as of December 31, 2002, (1) whose owner is alive at the beginning of the year; and (2) for which a required minimum distribution (RMD) is required in 2003, generally must provide to the IRA owner a statement that either (1) states the amount of the RMD and the date by which such amount must be distributed (Alternative One); or (2) informs the IRA owner that a minimum distribution is required, states the date by which the RMD must be distributed, and includes an offer to calculate the RMD upon request (Alternative Two). Notice 2003-3 clarifies that an IRA trustee is permitted to provide statements that satisfy Alternative One to some IRA owners and statements that satisfy Alternative Two to the rest of the IRA owners. In addition, the notice provides guidance as to how the statements may be provided electronically. For 2003, the electronic transmission must comply with a reasonable and good faith interpretation of applicable law. For calendar years after 2003, the trustee will be permitted to transmit the statements electronically only if the trustee follows the procedures that apply to the electronic transmission of Forms W-2, including the consent requirement described in regulations under section 6051 of the Internal Revenue Code. Use of these procedures also will constitute a reasonable, good faith interpretation of applicable law for 2003. Kathy D. Ireland Senior Associate Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 15486, or call the ICI Library at (202) 326-8304 and request the attachment for memo 15486. ¹ See Institute Memorandum to Operations Members No. 12-02, Pension Members No. 17-02, Pension Operations Advisory Committee No. 25-02, and Transfer Agent Advisory Committee No. 34-02, dated April 18, 2002.

should not be considered a substitute for, legal advice.