

**MEMO# 15083**

August 29, 2002

## **INSTITUTE LETTER TO IRS CONCERNING IRA TRUSTEE REPORTING AND SEPARATE ACCOUNTS UNDER THE FINAL RMD RULES**

[15083] August 29, 2002 TO: OPERATIONS MEMBERS No. 25-02 PENSION MEMBERS No. 39-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 58-02 TRANSFER AGENT ADVISORY COMMITTEE No. 76-02 AD HOC COMMITTEE ON RMD REFORM RE: INSTITUTE LETTER TO IRS CONCERNING IRA TRUSTEE REPORTING AND SEPARATE ACCOUNTS UNDER THE FINAL RMD RULES The Institute has filed the attached letter with the Internal Revenue Service concerning two issues under the final regulations governing required minimum distributions (RMDs) as well as the accompanying Notice 2002-27, which describes the special RMD reporting rules applicable to IRA trustees.<sup>1</sup> First, the letter urges the permanent retention of the ability of IRA trustees to offer to calculate RMD amounts under Alternative Two as described in Notice 2002-27. The letter further requests that the January 31 deadline for the required notice to those IRA owners who are in RMD status be extended until five business days after March 31 in the event that the IRS determines to eliminate Alternative Two as a reporting option in future guidance. The letter explains the time constraints imposed upon year-end statements under the federal securities laws, and notes that separate notices would be costly to produce and distribute. Second, the letter requests clarification of the rules governing separate accounts under the final regulations in the context of separate accounts established in a year after the year of the IRA owner's death. Kathy D. Ireland 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 15083, or call the ICI Library at (202) 326-8304 and request the attachment for memo 15083. <sup>1</sup> See Institute Memorandum to Operations Members No. 12-02, Pension Members No. 17-02, Pension Operations Advisory Committee No. 25-02, Transfer Agent Advisory Committee No. 34-02, and Ad Hoc Committee on RMD Reform, dated April 18, 2002.