

MEMO# 14417

January 31, 2002

INSTITUTE SUBMITS LETTER ON CATCH-UP PROPOSED REGULATIONS TO TREASURY DEPARTMENT AND INTERNAL REVENUE SERVICE

[14417] January 31, 2002 TO: PENSION COMMITTEE No. 4-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 7-02 RE: INSTITUTE SUBMITS LETTER ON CATCH-UP PROPOSED REGULATIONS TO TREASURY DEPARTMENT AND INTERNAL REVENUE SERVICE The Institute today submitted the attached letter to Treasury and IRS officials on the proposed regulations¹ issued under the catch-up provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001. The letter was developed based on comments provided during several conference calls with members. The letter makes a number of recommendations that would mitigate the administrative burdens imposed by the proposed regulations. Specifically, the letter urges that Treasury and the IRS: • provide an option to plans that impose limits on a payroll-period basis to use an irrevocable payroll approach to determine catch-up contributions; • provide transition relief for the 2002 plan year from the excise tax imposed under Code section 4979; • clarify that plan language giving discretion to plan administrators to set contribution limits qualifies as limits “contained in the terms of the plan”; • clarify the interplay between catch-up contributions and matching contributions made to SIMPLE plans; and • modify the universal availability requirement as articulated in the proposed regulations. Thomas T. Kim Associate Counsel Attachment (in .pdf format) 1 See Institute Memorandum to Pension Members No. 32-01 and Pension Operations Advisory Committee No. 67-01, dated October 23, 2001.