

MEMO# 9902

May 5, 1998

INSTITUTE COMMENT LETTER TO TREASURY DEPARTMENT ON ROTH IRA ISSUES

[9902] May 5, 1998 TO: PENSION COMMITTEE No. 23-98 PENSION OPERATIONS ADVISORY COMMITTEE No. 15-98 AD HOC COMMITTEE ON ROTH IRA ISSUES RE: INSTITUTE COMMENT LETTER TO TREASURY DEPARTMENT ON ROTH IRA ISSUES

_____ The Institute intends to submit a comment letter on various Roth IRA issues to the Treasury Department and the Internal Revenue Service. As you are aware, Treasury and the Service have not yet issued comprehensive guidance on Roth IRA issues. Attached is a draft comment letter containing eight Roth IRA issues and proposed responses. In general, the comment letter addresses Roth IRA issues that do not relate to pending Technical Corrections legislation. However, issue number eight, "reporting issues applicable to error correction transactions," directly relates to Technical Corrections legislation. The comment letter addresses the following issues: general reporting and recordkeeping responsibilities; reporting obligations for conversion transactions; application of section 3405 to conversion transactions; minimum distribution rules; application of 4 year income inclusion rule to conversion transactions "straddling" 1998 and 1999; application of aging rules to conversion transactions "straddling" 1998 and 1999; effect of death of accountholder on 5-year aging rules; and reporting rules applicable to error correction transactions. Please note that the comment letter refers to the error correction issue, but does not contain a detailed description of the provision or a proposed response. A detailed description of the reporting issues related to the proposed error correction provision in both the House and Senate Technical Corrections legislation is contained in a separate memorandum. Please review the comment letter to Treasury and the memorandum on reporting issues applicable to the error correction provision and provide your comments to the undersigned by COB, Thursday May 14, 1998. You may fax your comments to (202) 326-5841, email them to ricard@ici.org or call me at (202) 218-3563. Thank you for your attention to this matter. Kathryn A. Ricard
Assistant Counsel Attachments