

MEMO# 13107

February 1, 2001

IRS RELEASES TECHNICAL CORRECTION TO MODEL AMENDMENT TO QUALIFIED PLANS FOR PROPOSED REGULATIONS ON MRDS

[13107] February 1, 2001 TO: PENSION MEMBERS No. 6-01 PENSION OPERATIONS ADVISORY COMMITTEE No. 10-01 TRANSFER AGENT ADVISORY COMMITTEE No. 11-01 AD HOC COMMITTEE ON MRD REFORM RE: IRS RELEASES TECHNICAL CORRECTION TO MODEL AMENDMENT TO QUALIFIED PLANS FOR PROPOSED REGULATIONS ON MRDS The Internal Revenue Service recently released proposed regulations on section 401(a)(9) minimum required distributions ("MRDs").¹ The preamble to the proposed regulations includes a model amendment for qualified plan sponsors to adopt if they wish to follow the 2001 proposed regulations in making distributions for 2001 and subsequent years beginning before the effective date of final regulations. The first sentence of the model amendment refers to distributions made in calendar years beginning on or after January 1, 2000, but instead was intended to refer to distributions made for calendar years beginning on or after January 1, 2001. The Service has just released Announcement 2001-18, which contains a corrected model amendment. The Service states that plan sponsors that wish to follow the 2001 proposed regulations in making distributions in 2001 and subsequent calendar years should adopt the corrected model amendment described in Announcement 2001-18. A plan sponsor that adopted the model amendment as published in the Federal Register on January 17, 2001 should amend its plan to substitute the corrected model amendment set forth in Announcement 2001-18. The Service clarified that distributions for calendar year 2001 do not include a distribution that is required to be made by April 1, 2001 for calendar year 2000, such as for an IRA owner or retired qualified plan participant who attains age 70 ½ in 2000. Such taxpayers may rely instead on the 1987 proposed regulations. A copy of Announcement 2001-18 is attached. Kathryn A. Ricard Associate Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment to which this memo refers, please call the ICI Library at (202) 326-8304 and request the attachment for memo 13107. ICI Members may retrieve this memo and its attachment from ICINet (<http://members.ici.org>). ¹ See Institute memorandum to Pension Members No. 2-01, Pension Operations Advisory Committee No. 3- 01 and Transfer Agent Advisory Committee No. 4-01, dated January 17, 2001. ² Attachment (in .pdf format)

should not be considered a substitute for, legal advice.