

MEMO# 11425

November 23, 1999

DECEMBER 14TH MEETING SCHEDULED TO DISCUSS INVESTMENT ADVICE ISSUE AND REQUIRED MINIMUM DISTRIBUTION REFORM

1 See Institute Memorandum to Pension Committee No. 62-99, dated November 3, 1999. [11425] November 23, 1999 TO: PENSION COMMITTEE No. 67-99 NOVEMBER 17TH CONFERENCE CALL PARTICIPANTS RE: DECEMBER 14TH MEETING SCHEDULED TO DISCUSS INVESTMENT ADVICE ISSUE AND REQUIRED MINIMUM DISTRIBUTION REFORM

A meeting has been scheduled for Tuesday, December 14, 1999 to discuss two areas of potential legislative reform: (1) the provision of investment advice to participants, and (2) the required minimum distribution (RMD) rules under the Internal Revenue Code. First, in light of recent congressional interest in reviewing the structure and operation of ERISA,¹ the Institute intends to develop proposed legislation that would facilitate the delivery of investment advice to participants. A conference call held on November 17th to discuss the investment advice issue focused on two approaches: the proposed legislation could provide a statutory exemption for the provision of investment advice from the prohibited transaction rules; alternatively, the legislation could distinguish providers of investment "advice" to plan participants from "investment managers" with discretionary management authority, and thus, exclude providers of investment advice from the definition of "fiduciary." Both approaches would provide for additional disclosure to participants and other participant-protective requirements. Additionally, the extent of an employer's responsibility for offering an advisory program also could be addressed in the legislative proposal. We are currently developing these approaches and seek your assistance and input at the meeting. Second, as discussed during prior Pension Committee meetings, the Institute is working with outside counsel and an actuarial firm to develop proposed legislation that would offer a simplified RMD alternative under Code section 401(a)(9). Specifically, the proposal would establish a simplified, "safe harbor" distribution table with which individuals could readily determine minimum distribution amounts. The proposal would add to, not eliminate, the distribution alternatives currently available under the Code. We seek additional member input at the meeting regarding the proposal. The meeting will take place on Tuesday, December 14, 1999 at 10:00 a.m. EST in the David Silver Conference Room at the Institute's offices, 1401 H Street, NW, Suite 1200, Washington, DC. The "investment advice" discussion will occur in the morning; the discussion of RMD reform will take place following lunch. If you plan to attend the meeting, please fill out the attached attendance form and fax it to Daniel Ayers at (202) 326-5839. If you have any questions, comments or particular issues concerning the meeting, please call

Russ Galer at (202) 326- 5835, Kathryn Ricard at (202) 218-3563 or myself at (202) 326-5837. Thomas T. Kim Assistant Counsel Attachment

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