

**MEMO# 17885**

August 11, 2004

## **CONFERENCE CALL TO DISCUSS REVISED 2004 EXPLANATIONS FOR FORM 1099-R CODES 1 AND 2**

[17885] August 11, 2004 TO: PENSION COMMITTEE No. 37-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 56-04 TAX COMMITTEE No. 27-04 RE: CONFERENCE CALL TO DISCUSS REVISED 2004 EXPLANATIONS FOR FORM 1099-R CODES 1 AND 2 The Internal Revenue Service has released revised explanations for Codes 1 and 2 of Form 1099-R.<sup>1</sup> These changes are intended to address the concerns of the industry, including the Institute and its members, regarding changes to these explanations that were issued earlier this year.<sup>2</sup> These most recent revised explanations now permit the use of distribution code 2 for two additional types of distributions: • A distribution that is a part of a series of substantially equal periodic payments as described in section 72(q), (t), and (v). • Any other distribution subject to an exception under section 72(q), (t), and (v) that is not required to be reported using Code 1, 3, or 4. On Thursday, August 5, 2004, we held a conference call to discuss the revised Form 1099-R explanations.<sup>3</sup> During that call, a consensus was developed regarding additional comments to be submitted to the IRS. Specifically, we agreed to request: 1 Go to <http://www.irs.gov/formspubs/article/0,,id=109875,00.html> to see the revised Form 1099-R instructions. 2 See Institute Memorandum No. 17741 to Pension Committee No. 31-04 and Pension Operations Advisory Committee No. 49-04, dated July 2, 2004 (previous revised Form 1099-R instructions) and Institute Memorandum No. 17770 to Pension Committee No. 32-04 and Pension Operations Advisory Committee No. 50-04, dated July 14, 2004 (first draft Institute comment letter). 3 See Institute Memorandum No. 17835 to Pension Committee No. 35-04, Pension Operations Advisory Committee No. 54-04 and Tax Committee No. 24-04, dated July 29, 2004. 2 • Clarification that payers should report distributions made prior to age 59 ½ using a code 1 or 2, as relevant, and should report distributions made when the payee is age 59 ½ or older using a code 7. • Elimination of the Form 1099-R explanation that permits the pairing of a code L (loans treated as deemed distributions under section 72(p)) with a code 4 (death). A conference will be held on Friday, August 13, 2004 at 2:00 p.m. EDT to discuss a number of issues that have been raised since the August 5 conference call. If you would like to participate in the August 13 call, please complete the attached response form and fax it to Brenda Turner at 202-326-5841 or e-mail [bturner@ici.org](mailto:bturner@ici.org) by Friday, August 13, 2004 at 12:30 p.m. To participate in the call, please dial 888-381-5774 and enter passcode 36931. If you will be unable to participate in the call but you would like to speak with me regarding the additional issues to be discussed during the August 13 call, please contact me at (202) 326-5835 or [lrobinson@ici.org](mailto:lrobinson@ici.org). Lisa Robinson Assistant Counsel Attachment (in .pdf format)

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.