

**MEMO# 13688**

June 29, 2001

## **IRS SIMPLIFIES PLAN DETERMINATION LETTER PROCEDURES**

[13688] June 29, 2001 TO: PENSION COMMITTEE No. 43-01 RE: IRS SIMPLIFIES PLAN DETERMINATION LETTER PROCEDURES The Internal Revenue Service recently released Announcement 2001-77, which simplifies the procedures for determination letters on the qualification of pension, profit-sharing, stock bonus and annuity plans under sections 401(a) and 403(a). Announcement 2001-77 gives plan sponsors the flexibility to request a determination letter that considers either the form of the plan only or both the form of the plan and compliance with the requirements of sections 401(a)(4), 401(a)(26) and 410(b). The plan determination letter procedures are also being modified to facilitate plan compliance with new final regulations on the use of cross-testing in the application of the nondiscrimination requirements of section 401(a)(4). Specifically, the Service is: • Giving plan sponsors the option to request determination letters without furnishing information on how plans satisfy the nondiscrimination requirements of section 401(a)(4), the additional participation requirements of section 401(a)(26) or the minimum coverage requirements of section 410(b); • Allowing adopting employers of nonstandardized master and prototype plans (M&P) or certain volume submitter plans to rely on a favorable opinion letter or advisory letter with respect to most qualification requirements without requesting a determination letter; • Allowing an employer maintaining a multiple employer plan to rely on a favorable determination letter for the plan with respect to most qualification requirements without submitting a separate Form 5300; • Encouraging practitioners to highlight the changes to plans that have previously received favorable determination letters; • Making available and updating periodically a list of the M&P plan and volume submitter specimen plans that were submitted to the Service for GUST advisory and opinion letter by December 31, 2000 and indicating the dates on which opinion and advisory letters were issued or the applications were withdrawn; • Allowing practitioners to amend volume submitter specimen plans to reflect the recently published final regulations on cross-testing; and • Allowing plan sponsors to request determination letters that take into account the final regulations on cross-testing, beginning August 22, 2001. 2Plan sponsors may rely on Announcement 2001-77 until the Service publishes the changes as modifications to Revenue Procedures 2000-20, 2001-6 and 2001-8. A copy of Announcement 2001-77 is attached. Kathryn A. Ricard Associate Counsel Attachment Attachment (in .pdf format)