

MEMO# 17738

July 1, 2004

TREASURY EXTENDS EFFECTIVE DATE OF RELATIVE VALUE REGULATIONS

[17738] July 1, 2004 TO: PENSION MEMBERS No. 39-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 48-04 RE: TREASURY EXTENDS EFFECTIVE DATE OF RELATIVE VALUE REGULATIONS As requested by the Institute, Treasury has released Announcement 2004-58 (attached), delaying until February 1, 2006 the effective date of the final relative value regulations, which require qualified joint and survivor annuity ("QJSA") explanations relating to certain optional forms of benefit. Prior to the release of the announcement delaying the effective date, final regulations under Code section 417(a)(3) regarding QJSA explanations were generally effective for explanations provided with respect to annuity starting dates beginning on or after October 1, 2004. However, since QJSA explanations need to be provided to participants 30 to 90 days prior to the benefit starting dates, it would have been necessary to revise QJSA explanations for timely delivery to participants as early as July 1, 2004. The new effective date generally will apply to QJSA explanations provided with respect to annuity starting dates beginning on or after February 1, 2006. In the interim, plans that do not comply with the final regulations will be required to comply with prior guidance regarding QJSA explanations of relative values of optional forms of benefit. The October 1, 2004 effective date will continue to apply to certain optional forms of benefit (e.g., single sums, partial single sums in combination with annuities, or installment payments) if the actuarial present value of that optional form is less than the actuarial present value of the QJSA. Lisa Robinson Assistant Counsel Attachment (in .pdf format)

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