

MEMO# 9900

May 4, 1998

INSTITUTE SEEKS EDUCATION IRA GUIDANCE FROM IRS

[9900] May 4, 1998 TO: PENSION COMMITTEE No. 22-98 PENSION OPERATIONS ADVISORY COMMITTEE No. 14-98 AD HOC EDUCATION IRA WORKING GROUP RE: INSTITUTE SEEKS EDUCATION IRA GUIDANCE FROM IRS

The Investment Company Institute has submitted a letter, dated May 4, 1998, to the Internal Revenue Service seeking guidance on unresolved issues relating to the Education IRA program, which was established under the Taxpayer Relief Act of 1997. Specifically, the letter, developed with the assistance of Institute members, asks the Service to clarify issues relating to (1) the making of contributions to Education IRAs from UGMA accounts, (2) the treatment of excess contributions, (3) the applicability of the income limitations to married contributors that file separate, rather than joint, returns, (4) beneficiary redesignation, particularly with regard to individuals over age 18, but under age 30, (5) clarification of the meaning of "family member" as it applies to redesignation, (6) the naming of contingent beneficiaries in the event of the death of an Education IRA beneficiary, (7) reporting requirements arising from the death of the beneficiary, (8) the applicability of Code section 6042 reporting and section 3406 back-up withholding rules to Education IRAs, and (9) the disclosure requirements as they apply to the amendment of Education IRA custodial or trust agreements. A copy of the submission is attached. Russell G. Galer Senior Counsel
Attachment

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