

MEMO# 2620

March 14, 1991

IRS DEFINES COMPENSATION FOR IRA PURPOSES

March 14, 1991 TO: PENSION MEMBERS NO. 13-91 RE: IRS DEFINES COMPENSATION FOR IRA PURPOSES _____ Attached is Revenue Procedure 91-18 which the Internal Revenue Service released for the purpose of providing guidance regarding the definition of "compensation" which is used to determine if an individual qualifies to make deductible contributions to an IRA. The Service stated that, as a matter of administrative convenience, the amount shown in box 10 of Form W-2 (wages, tips and other compensation), less any amount shown in box 14 for 1990 and box 16 for 1991 (nonqualified plans) will be treated as a "safe harbor" definition of compensation for purposes of determining a taxpayer's deductible and nondeductible IRA contributions, as appropriate. We will keep you informed of developments. W. Richard Mason Assistant Counsel - Pension Attachment

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