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employee plans news

PROTECTING RETIREMENT BENEFITS THROUGH EDUCATING CUSTOMERS

Internal Revenue Service
Tax Exempt and Government
Entities Division

A Publication of Employee Plans

Employee Plans News - The Who, What, When, Why and Where of Retirement Plans

Each quarter, the *Employee Plans News* brings you the latest and greatest retirement plan information. Our articles are geared toward practitioners - attorneys, CPAs, actuaries and others - in the benefits world. In addition to our regular editions, we also send out Special Editions or News Flashes when events warrant. Recent Special Editions have featured the debut of the Abusive Tax Transactions web section, filing relief for M&P and Volume Submitter plans, and the revamping of the EPCRS procedures.

The *Employee Plans News* is now available only via email. So to subscribe, just go the Retirement Plans web page at www.irs.gov/ep, click on “Newsletters” and then on “Employee Plans News”. Other newsletters are also available there.

Each edition of the Employee Plans News features an EP Connections segment where the leaders of Employee Plans (EP) and other IRS functions give an interview. Recent EP Connections have spotlighted: Carol D. Gold, Director of Employee Plans; Tom Terry, Senior Technical Advisor to the TE/GE Commissioner; and Mark O’Donnell, Director of EP’s Customer Education & Outreach.

From the Spring 2004 Edition of EP Connections: Interview with Carol Gold:

What are some of the improvements you’ve seen in the last three years?

EP has come together as a more coordinated organization. Our examination, determination, voluntary compliance, and outreach programs are nationwide, and there is a better understanding of the important work each contributes to our goals. For example, before guidance is issued, it is reviewed by employees in our programs to make sure they are prepared for its administrative implications. Information about abusive tax avoidance schemes is reviewed by a cross-functional team in order to quickly elevate the issue for appropriate response.

From the Winter 2004 Edition of EP Connections: Interview with Tom Terry:

What are your priorities for the upcoming year?

Clearly, my Number 1 priority (and ...my #2, #3, etc.) is to position my office to carry out its tax shelter responsibilities...

From the Spring 2003 Edition of EP Connections: Interview with Mark O’Donnell:

What have been your biggest challenges – both internal and external?

The greatest challenge facing CE&O is the challenge that has been facing us since we began: connecting with our partners inside and outside of the government... We need to continue to develop our relationship with folks within EP so that we can help them communicate. We need to improve our relationship with other governmental functions outside of EP, for example, the IRS’ Small Business/Self Employed (SB/SE) Division and the Department of Labor.

Another regular feature of the Employee Plans News is Examiner Tips - where EP examiners share some of the common problems discovered when they audit plans. For example:

From the Fall 2003 Edition - Checking For Checks:

When examining a plan, the IRS checks to ensure that required minimum distributions (RMDs) are being made. Here are some tips from EP examiners on complying with the RMD rules.

If there's an individual that should be receiving RMDs from a plan, review each Form 1099-R and verify that the participant is indeed receiving distributions. If a participant is receiving a 1099-R, review the RMD calculation to make sure the minimum amount is getting properly distributed.

From the Winter 2004 Edition - Hardship Distributions from 457(b) Plans can be Hard to Handle

The distribution rules for hardship withdrawals from section 457(b) plans are different from the rules for 401(k) plans. In an eligible 457(b) plan, distributions are restricted to the earlier of the calendar year in which the participant attains age 70-1/2, terminates employment or requests a distribution due to an unforeseeable emergency.

Interviews, Examiner Tips, DOL Columns and much more: All the

Each edition also showcases our associates at the Department of Labor in their guest column, DOL Corner.

From the Spring 2004 Edition of DOL Corner:

The Department of Labor's Employee Benefits Security Administration (DOL/EBSA) continues to expand its compliance assistance efforts. In addition to the guidance noted below, the Agency worked with the IRS to develop and issue the *401(k) Plans for Small Businesses* publication and worked with the IRS on the expanded Web version. In issuing the publication, EBSA Assistant Secretary Ann L. Combs stated, "It is crucial that we encourage small businesses to provide these valuable benefits to workers. This publication draws a clear road map for employers who want to provide a plan, but need some friendly directions along the way." The publication is available on EBSA's Web site or through EBSA's toll free number, 1-866-444-EBSA (3272).

From the Winter 2004 Edition of DOL Corner:

Proposed Amendments to Prohibited Transaction Exemption 84-14

On September 3, DOL/EBSA proposed amendments to update a widely used class exemption, Prohibited Transaction Exemption (PTE) 84-14, available to plans whose assets are managed by a qualified professional asset manager (QPAM).

DOL/EBSA proposed the amendments to address concerns expressed by the financial services industry that recent consolidation of the industry has made it difficult to comply with the conditions of the QPAM exemption for monitoring corporate affiliates. The proposal would amend the class exemption to ease compliance difficulties by narrowing the restrictions on transactions with parties in interest that are related to the QPAM. This would allow plans to engage in transactions with a larger group of related parties. It will also increase the investment opportunities available to plans, allow greater efficiencies and lower costs.

The proposed amendments are available on the DOL/EBSA Web site under Compliance Assistance.

The Employee Plans News also has the latest updates to the Retirement Plans web page in the Web Spins column. For example:

Web Spins – The Retirement Plans Site

Our web site www.irs.gov/ep is updated frequently.

Bookmark us. now. You'll thank us later.

We're back: Web Spins - the column that takes you for a quick spin around the Retirement Plans web page at www.irs.gov/ep. This edition's column takes a sampling from the profusion of retirement plan topics.

- **NEW EP Abusive Tax Transactions Section** – This new section is now available on the Retirement Plans web page. The section reflects listed transactions involving employee benefits plans and contact information for reporting abusive tax shelters/emerging issues. Recent listed transactions include the following:
  - ❖ Abusive Life Insurance Policies in Retirement Plans
  - ❖ S Corporation ESOP Abuses
  - ❖ Abusive Roth IRA Transactions
- **We've added a SEP Check-Up** – joining the previously posted SIMPLE IRA and SARSEP Check-Ups – to the Retirement Plans web page. The web page includes a checklist with expanded explanations for each Check-Up. Customer feedback is requested on these Check-Ups and can be provided at RetirementPlanComments@irs.gov.

retirement news that's fit to email... the *Employee Plans News*.

And we have all the latest information on the forms and pubs you need in our Corner of Forms and Pubs column. Check out this sample from the Corner:

The Corner of Forms & Pubs

You want forms? We have forms.

You need pubs? We have pubs.

Just go www.irs.gov/ep and click on "EP Forms and Publications".

Welcome back to The Corner of Forms & Pubs - the EP version of Hollywood & Vine. The information here at the Corner is brief although topics needing further details will get their own full-length articles (such as the article on the Form 5500 for 2003).

- **Electronic Delivery** - The IRS has released Notice 2004-10, which provides guidance on the electronic delivery of Form 1099-R, Form 1099-MSA, Form 1099-Q, Form 5498, Form 5498-ESA, and Form MSA payee statements. Specifically, this notice provides that a furnisher of any of the above mentioned statements can do so electronically beginning January 1, 2004. See the notice for details.

*The **Employee Plans News** also has:*

- ***Links to EP's recently published guidance**,*
- ***Analysis and explanations** of EP procedures,*
- ***Abusive Tax Transactions info** and*
- *Much, much **more**:*

All of this delivered direct (and free) to your email inbox.

Employee Plans Published Guidance

(January 2004 – March 2004)

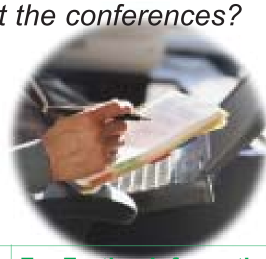
Regulations

T.D. 9099, 68 Fed. Reg. 70141, 2004-2 I.R.B. 255	These final regulations pertain to the disclosure of relative values of optional forms of benefit. Unless there is a retroactive annuity starting date, these regulations generally pertain to QJSAs with annuity starting dates on or after 10/01/2004 and QPSAs on or after 07/01/2004.
REG-126967-03, Fed. Reg. 7384 (February 17, 2004)	These proposed regulations pertain to insurance and annuity contracts and sections 402(a), 79 and 83 of the Code.

*Each edition also has the specs on **Upcoming Benefits Conferences**:*

- *Who are the featured **speakers**?*
- *What **topics** will be discussed?*
- *What **government agencies** will be there?*
- *The basics - **where, when and how do I get more information** about the conferences?*

*Need a roundup? We feature an **EP Benefits Conference Calendar**:*



Calendar of EP Benefits Conferences

Name	Date(s)	Location	Co-Sponsor(s)	For Further Information, Please Contact
Great Lakes Benefits Conference	04/29/04-04/30/04	Chicago, IL	ASPA & other cooperating sponsors	
Mid-Atlantic Benefits Conference	05/24/04-05/25/04	Philadelphia, PA	ASPA	www.aspa.org or ASPA Meeting Department (703) 516-9300
Northeast Benefits Conference (2 Locations)	06/10/04-06/11/04	Framingham, MA & White Plains, NY	ASPA & NE Area Pension Liaison Group	
17th Annual Cincinnati Employee Benefits Conference	06/17/04 06/18/04	Cincinnati, OH	Cincinnati Bar Association	Education Department (513) 381-8213
Central and Mountain States Benefits Conference	09/13/04-09/14/04	Denver, CO	ASPA and WPGC	www.aspa.org
SWBA/IRS 14th Annual Employee Benefits Conference	11/15/04-11/16/04	Dallas, TX	Southwest Benefits Association (SWBA)	www.swba.org
Los Angeles Benefits Conference	01/27/05-01/28/05	Los Angeles, CA	ASPA, NIPA, WP&BC and other cooperating sponsors	www.aspa.org

In addition to information about upcoming conferences, we also have post-conference recaps. So if you need continuing education credits, look to us for employee benefits conferences.

Contacting Employee Plans -

Need Help?
Call toll-free: (877) 829-5500

Want to know more about retirement plans?
Visit the Retirement Plans web page at www.irs.gov/ep

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The Employee Plans News -

- *Interviews with IRS Leaders*
- *Guidance - both Formal and Informal*
- *Forms, Pubs and the Web*
- *Conference Info and Summaries*

All of these and more, delivered four times a year - with periodic special editions when events warrant - in full-color and in easy-to-read PDF format.

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