

Publications

New IRS Guidance For Deemed IRAs

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On May 20, 2003, the IRS issued proposed regulations on deemed IRAs that provide helpful guidance on the rules applicable to this new design feature. Deemed IRAs, introduced by EGTRRA and effective beginning with 2003 plan years, permit “qualified employer plans” (401(a), 403(a), 403(b), and governmental 457(b)) to maintain a traditional or Roth IRA within the tax-favored plan. Until now, the only IRS guidance on deemed IRAs is a sample “good faith” plan amendment provided in Rev. Proc. 2003-13. The proposed IRS regulations address many of the tax issues for establishing a deemed IRA and generally give a green light for adopting these features.

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