

EGTRRA PENSION GUIDANCE

As of January 28, 2002

GUIDANCE	TOPICS
Notice 2001-42 (2001-30 IRB 70)	<ul style="list-style-type: none"> • EGTRRA remedial amendment period until (at least) the end of the 2005 plan year (provided timely "good faith" amendments are adopted). • "Good faith" plan amendments generally required by the end of the 2002 plan year. • EGTRRA amendments do not affect GUST filings, but EGTRRA determination letter program is not open.
Notice 2001-56 (IRB 2001-38)	<ul style="list-style-type: none"> • Guidance on the application of the increased compensation limit (\$200,000) to pre-2002 years. • EGTRAA changes to top-heavy rules apply in determining whether a plan is top-heavy for the 2002 plan year, even if the determination date is in 2001. • With regard to 2001 hardship withdrawals, plans may either (i) apply the EGTRRA shortening of the suspension period (to 6 months) following a hardship withdrawal or (ii) retain the 12-month period. • Matching contribution safe-harbor 401(k) and 401(m) plans are required to reduce the hardship withdrawal suspension period to 6 months.
Notice 2001-57 (IRB 2001-38)	<ul style="list-style-type: none"> • Sample "good faith" EGTRRA plan amendments.
Ann. 2001-106 (IRB 2001-44)	<ul style="list-style-type: none"> • Guidance (in Q&A format) on the saver's credit for contributions by individuals to employer retirement plans and IRAs. • Sample notice to employees regarding saver's credit.
Rev. Rul. 2001-51 (IRB 2001-45)	<ul style="list-style-type: none"> • Section 415 guidance for defined benefit plans.
Proposed Treasury Regulations 1.414(v)-1 (66 Fed. Reg. 53555)	<p>The proposed regulations provide guidance concerning the requirements for 401(k), 403(b) and governmental 457 plans allowing catch-up contributions by individuals age 50 or older. The proposed regulations clarify:</p> <ul style="list-style-type: none"> • Who is eligible to make catch-up contributions; • Which plans can offer catch-up contributions; • How plan administrators can determine what is a catch-up contribution; and • The treatment of catch-up contributions in the operation of the plan.
Ann. 2001-93 (IRB 2001-44)	<ul style="list-style-type: none"> • Reporting catch-up contributions on Form W-2.
Notice 2001-84 (2001-53 IRB 642)	<ul style="list-style-type: none"> • Pension plan limitations for 2002 – COLA and EGTRRA changes to plan limits.
Notice 2002-1 (2001-53 IRB); Rev. Proc. 2002-8 (2002-1 IRB 252)	<ul style="list-style-type: none"> • Waiver of determination letter user fees for new qualified plans of small employers – no more than 100 employees (e.g., SIMPLE plans).
Notice 2002-2 (IRB 2002-2)	<ul style="list-style-type: none"> • Liberalized EGTRRA rules for deduction of ESOP dividends.

<p>Notice 2002-4 (IRB 2002-2)</p>	<ul style="list-style-type: none"> • Provides October 1 transition rule for the implementation of catch-up contributions in 2002 by controlled group members, and provides that plans maintained under Puerto Rican law may be ignored in determining whether catch-up contributions are universally available. • In the case of hardship withdrawals, eliminates the limit on elective deferrals for the year following the year of the hardship withdrawal, and clarifies that plans, other than matching contribution safe harbor 401(k) plans and safe harbor 401(m) plans, may continue to satisfy the hardship distribution safe harbor by satisfying pre-EGTRRA requirements. • Clarifies that the repeal of the “same-desk” rule allows post-2001 distributions to be made on account of pre-2002 transactions, regardless of whether transaction occurred within 2 years of the distribution.
<p>Notice 2002-3 (IRB 2002-2)</p>	<ul style="list-style-type: none"> • Revised safe harbor explanation of Section 402(f) rollover notice to include EGTRRA changes to portability provisions. • 401(a)/403(b) model notice and 457 model notice. • Grace period until April 14, 2002 to furnish revised notice.
<p>IRS Fact Sheet (FS-2002-05)</p>	<ul style="list-style-type: none"> • Highlights certain EGTRRA changes, including the saver's tax credit, increased limits for IRAs, catch-up contributions, permissible rollovers, and faster vesting for matching contributions.
<p>Rev. Proc. 2002-10 (IRB 2002-4)</p>	<ul style="list-style-type: none"> • Opens up EGTRRA opinion letter process for prototype sponsors of IRAs, SEPs, and SIMPLE IRAs as of April 1, 2002. • EGTRRA remedial amendment period for approved prototype IRAs – December 31, 2002 sponsor filing deadline. • New SEP and SIMPLE IRA forms and revised model IRA pending.